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# JOBS

## THROUGH
## ECONOMIC DEVELOPMENT

U.S. DEPARTMENT OF COMMERCE • Economic Development Administration

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# JOBS

## THROUGH
# ECONOMIC DEVELOPMENT

U.S. DEPARTMENT OF COMMERCE

Juanita M. Kreps, Secretary

Robert T. Hall, Assistant Secretary
for Economic Development

January 1979

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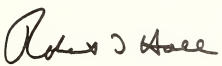
# FOREWORD

The activities described in this document exemplify successful local and regional responses to a variety of economic problems through a partnership involving the Federal Government, State and local governments, and the private sector. Each situation, whether a result of long-term decline, a sudden dislocation, or other economic ills, has been addressed as part of a process that begins with a thorough analysis of area needs and resources and continues with the formulation and implementation of comprehensive economic development strategies for meeting those needs.

The Economic Development Administration (EDA) of the Department of Commerce is the primary Federal agency charged with responsibility for helping areas experiencing, or threatened with, severe economic distress. Utilizing a wide range of development tools, EDA works with rural and urban areas; Indian reservations and Alaskan Native Villages; nonprofit community organizations; and States, cities, counties, and townships, to generate and save private-sector jobs, raise income levels, and strengthen and maintain tax bases.

As the experiences related in this document show, EDA generally becomes involved with areas in the assessment of needs and planning stage of the economic development process and follows through with public works, business development, and other assistance to help implement the resulting strategies. In all cases, the goal of the economic development efforts financed by EDA is to stimulate the private-sector investment that is essential to long-term economic health.

We at EDA believe that the kinds of community-based efforts described on the following pages clearly demonstrate that the public and private sectors can work together effectively to meet the economic development and adjustment needs of this Nation's communities.



Robert T. Hall
Assistant Secretary
for Economic Development

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# MEETING THE CHALLENGE OF ECONOMIC DISLOCATION

## South Bend, Indiana

*INDUSTRIAL PARK TENANT—City Pattern & Foundry Co., Inc., employs 54 persons in this modern plant in the Airport Industrial Park at South Bend. The plant is in an area of the park developed with the help of a grant from the Economic Development Administration.*

IN December 1963, the Studebaker Corporation announced that it was ending automobile production in the United States. The action had been considered a strong possibility for some time, but its finality sent shock waves through the economy of South Bend and St. Joseph County, Indiana.

For South Bend, a city of some 125,000 serving as a job, trade, and educational center for northern Indiana and southern Michigan, it meant a loss of 7,000 jobs and an annual payroll of approximately $30 million.

Studebaker's demise brought quick action from the Federal Government. At the request of U.S. Representative John Brademas of South Bend, President Johnson established a Federal inter-departmental committee to assist South Bend in meeting its problems. Aid was provided through the cooperative efforts of the U.S. Departments of Agriculture, Commerce, Defense, Labor, Post Office, and Health, Education, and Welfare, and of various agencies such as the General Services Administration, the Housing and Home Finance Agency, and the Small Business Administration.

The Area Redevelopment Administration, predecessor to the Commerce Department's Economic Development Administration (EDA), provided funds to support a Coordinator of Federal Programs in the community.

## New Blow Follows Recovery

South Bend's mayor at the time, Lloyd M. Allen, created a Mayor's Committee to direct local efforts at recovery. Community leaders Franklin D. Schurz, editor and publisher of the South Bend Tribune, and Paul D. Gilbert, a merchant, headed the committee.

"The joint Federal-local effort bore fruit in the form of new and expanded businesses and new jobs," Congressman Brademas said. By June 1966, EDA was able to terminate St. Joseph County's designation as a "redevelopment area"—an area in economic distress—because of the improved job picture.

Then, in 1971, came a new blow: another sudden rise in unemployment, this time caused by cutbacks in the production of transportation equipment at the Bendix Energy Control and Automotive Division plants in the area. St. Joseph County's unemployment rate returned to the 8-percent range. This brought a new redevelopment area designation by EDA in February 1971 under provisions of the Public Works and Economic Development Act.

During the next 7 years, EDA provided $9,163,000 in grants and loans in support of job-generating economic development in South Bend and St. Joseph County. EDA's grants included $528,000 in 1977 to South Bend under the $6 billion Local Public Works Program—President Carter's emergency job-creation effort—for the construction of a lighted parking lot and for improvements to park facilities.

But the significance of what has occurred in the South Bend-St. Joseph County area goes beyond Federal dollars. Today, the area has a creative, continuing economic development program that effectively links the public and private sectors. And from EDA's point of view, the city and the county represent an outstanding example of what can be achieved through EDA's program of assisting areas—States, cities, counties, and multicounty regions—when they are confronted with sudden economic dislocation.

## EDA Supports Planning

The St. Joseph County Overall Economic Development Planning Committee, headed by Darwin Wiekamp, chairman of the board of the Valley Bank and Trust Company, is responsible for the area's economic development efforts. The committee, in turn, established St. Joseph County Economic Development, Inc., in cooperation with the South Bend-Mishawaka Area Chamber of Commerce, to help meet the challenge of creating jobs for a growing labor force in the face of declining manufacturing employment and a general national economic slowdown.

EDA has supported the corporation financially since 1972 through technical assistance grants that help pay its administrative costs. The chamber of commerce provides the local funds required "to match" the EDA grants. The corporation works closely with the Industrial Foundation of South Bend, Inc., and Mishawaka Futures, Inc., two nonprofit organizations associated with the chamber of commerce, and with local government units. Their principal joint concern: the development of industrial parks in the South Bend and Mishawaka area.

The industrial park project actually began in the early 1960's—in the wake of Studebaker's closing—and has been moving along since then as a four-phase development effort.

Studebaker's departure left the South Bend-St. Joseph County area with a tract of about 250 acres, known as the "Studebaker Corridor," on which there remained a number of solidly built structures that had been designed for automobile production. Because of the restrictions imposed by the custom design of the Studebaker buildings, the St. Joseph County economic development unit decided on a two-front campaign. On one hand, efforts would be directed toward attracting firms to the former Studebaker facilities. The other plan of attack called for the development of a nearby airport industrial park.

The first two phases of the park's development covered more than a decade—a period of both tribulations and triumphs. Warren McGill, a South Bend attorney who is president of the Industrial Foundation, recalled that the project began "with a shoestring and the enlightened support of the public and private sectors."

## Private, Public Financing for Effort

At one stage, the South Bend Tribune and the Indiana and Michigan Electric Company saved the day by purchasing part of the land and holding it for the Industrial Foundation, which was in a cash bind at the time. On the other hand, two business firms, the Sollitt Construction Company, Inc., and the Koontz-Wagner Electric Company, loaned funds to the foundation.

By the end of the second phase of the project in 1969, a 39-acre section of the park had been acquired.

The following 3 years, however, presented even tougher hurdles, according to Robert F. McGinty, former director of area development for South Bend's First Bank and Trust Company. "After acquiring the land for phase three, we still needed nearly $2,000,000," McGinty said, "and we had a $240,000 mortgage, so we couldn't go back to the banks.

"If EDA hadn't come through, that land would be sitting there idle today," McGinty said.

In June 1972, EDA made an $861,500 grant to the Industrial Foundation for the development of an additional 189 acres of land for the airport industrial park. The foundation matched the EDA grant with local funds.

Success in attracting firms to the 39-acre section and a desire to maintain the momentum of the industrial development program encouraged the Industrial Foundation to push forward in 1974 with the fourth phase of the program. EDA approved a $1,004,000 grant, which the foundation matched with local funds, to complete the cost of site preparation, water and sewer lines, access roads, and a rail spur.

All lots in the 39-acre area of the park had been sold by December 1977, and 15 firms had completed their buildings. The firms were employing some 350 residents of the South Bend area.

Businesses—ranging from an institutional food service firm to machine and foundry operations—paid an estimated $100,000 in real estate taxes in 1977 for their property in the phase-three area, according to a survey by St. Joseph County Economic Development, Inc.

*ADJUSTMENT—A worker at South Bend Lathe, Inc., adjusts his machine for a process engineer. They and their co-workers participate in the company's employee stock ownership program.*

## Variety of Firms Attracted

Howard D. Bessire, executive director of the corporation, noted that the variety of goods and services provided by firms located in the phase-three area underscores the healthy mix essential to economic vitality and stability. Among the firms are manufacturers of aircraft and missile components, precision parts and subassemblies, metal finishings, pattern and foundry products, and institutional foods. Other firms in the area are engaged in printing and in the distribution of tires, wheels, accessories, ceramic tile, power transmissions, janitorial supplies, and aluminum products for the construction industry. Additionally, two truck terminals are located in the phase-three area.

Bessire said that providing the "local match" for the development of the fourth phase of the industrial park represented a milestone for St. Joseph County and South Bend—it marked the first major, direct outlay by the county specifically for economic development. The city and county each provided $502,000 for the project.

One firm—American Tool and Die, Inc.—has established operations in the fourth phase section and was employing 18 persons in December 1977.

But even while the industrial park was moving ahead, another economic shock wave had struck the South Bend area. In 1975, the Associates Corporation of North America, a major national consumer finance company, announced that it was moving its corporate headquarters from South Bend; and Amsted Industries, a Chicago-based conglomerate, revealed plans to liquidate its South Bend Lathe Division.

Because of the salary level of many Associates Corporation employees and the firm's strong demand for services, an article in the January-February 1977 issue of the Indiana Business Review estimated the overall economic loss to the South Bend region as a result of the relocation at from $50 million to $65 million, with employment losses—direct and indirect—in the neighborhood of 3,000 jobs.

## South Bend Lathe Jobs Saved

The loss of 550 executive and support jobs as a result of the move to Texas by the Associates Corporation and the threatened loss of more than 400 jobs at South Bend Lathe set the stage for EDA to provide another vital investment in support of South Bend's efforts to provide job and income opportunities for its people.

South Bend Lathe, which had begun operations in 1906, had been acquired by Amsted Industries in 1959. Although the plant had enjoyed a long history of profits, it started reporting losses in 1971. Coupling these losses with a decision that lathe-making did not blend well with Amsted's basic manufacturing operations for the transportation industry, the conglomerate set out to dispose of South Bend Lathe for the "high dollar."

Dr. Thomas Bergin, president of St. Joseph County Economic Development, Inc. (and dean of the School of Continuing Education at the University of Notre Dame), remembers that Amsted's decision signaled quick disposal of South Bend Lathe through a salvage company. Robert McGinty was dispatched to EDA's Midwestern Regional Office in Chicago in a bid to

obtain funds to help save the plant for South Bend through a new method: employee ownership.

The employees, McGinty recalled, were willing to accept pay cuts to assist in the acquisition of the plant, for which Amsted was asking $10 million. Local banks were able to provide only $1,800,000 for the venture—a long way from the needed sum.

After a series of conferences among South Bend officials, representatives of EDA, and Norman Kurland, a Washington attorney specializing in Employee Stock Ownership Programs (ESOP's), a course of action was selected. It called for the creation of an Industrial Revolving Fund—a development bank—by the City of South Bend with a proposed $5 million grant from EDA.

As a first step, an economic feasibility study was conducted. The City of South Bend provided $10,000 for it. When the study confirmed the viability of South Bend Lathe, the city put up $40,000 to employ consultants to organize an Employee Stock Ownership Trust (ESOT) and to assist in turning the proposal into fact.

In May 1975, EDA approved the $5 million grant for the city under Title IX of the Public Works and Economic Development Act, which authorizes funds for areas requiring special economic development and adjustment assistance. Beyond helping South Bend to carry out an adjustment strategy and to retain jobs, the Title IX grant provides the city with funds for future economic development projects, because provisions of the grant allow the city to use proceeds from repayments to the revolving fund for new job-creation efforts.

The EDA grant also was designed to explore the effects of employee stock ownership financing on a corporation and its labor-management relations.

## Revolving Fund Established

South Bend established the Industrial Revolving Fund with the EDA grant, and named the First Bank and Trust Company of South Bend as trustee. In the meantime, the Employee Stock Ownership Trust (ESOT) and a new corporation were established. The ESOT purchased all stock of the corporation which then obtained loans amounting to about $4,000,000 from private sources. The new corporation combined money from the sale of stock to the ESOT with a $5,013,500 loan from the revolving fund to buy all assets of South Bend Lathe from Amsted Industries.

The new company—South Bend Lathe, Inc.—pledged to donate periodically to the ESOT to amortize its loan in 25 years (or less) at 3 percent interest. As the loan is repaid, the stock purchased with the borrowed funds will vest in the employees.

The Industrial Revolving Fund and the new South Bend Lathe, Inc., began business in July 1975.

*ADVANCED TECHNOLOGY—An owner-employee of South Bend Lathe, Inc., tends a numerically controlled machine. The firm also produces numerically controlled (computer operated) lathes.*

J. Richard Boulis, who had managed the South Bend division for Amsted, chose to give up his Amsted career and cast his lot with the employee-owned company. "We've been more successful than we anticipated," he said.

Discussing EDA's role in helping the employees' group purchase the plant, Boulis commented late in 1977: "First, EDA's $5 million kept 450 people from hitting the streets. I don't know what that would have cost. But instead of being in the streets, we are now in our third year, and as of right now, we've paid out about $13 million in salaries and wages for this community. Of course, that money has gone into the economy—and workers have paid income taxes, as well as State and other taxes.

"Additionally, we've spent about $17 million in buying goods and services to support our production, and most of that has been spent within a 25-mile radius of South Bend. And we have spent about $4 million in operating costs."

Although these figures are impressive, Boulis said, "they do not take in the intangible things, such as assurance of a job rather than the uncertainty of unemployment that faced us 3 years ago."

## Saving for Taxpayer

Commenting on the use of $5 million in Title IX funds for the South Bend Lathe project, the Technical Resource Service of the University of Massachusetts reported in a letter to the Cincinnati Enquirer on August 14, 1975:

". . . the American taxpayer, instead of being saddled with transfer payments of $2,574,000 annually for indeterminate numbers of years, conceivably of the magnitude of $25,000,000, will have invested, not expended, thru a self-liquidating credit mechanism, in 495-plus taxpayers, in a taxable corporation, and in taxpaying property. Moreover, he will have invested in the establishment of an industrial revolving fund (funded from EDA loan repayments) for repetitive use in similar economic adjustment situations."

In February 1976, South Bend Lathe acquired the assets of Dynablast, Inc., a small manufacturer of machines for deflashing plastic products. It operates Dynablast as a division. By November 1977, the Industrial Revolving Fund had sufficient capital from South Bend Lathe repayments to make a $300,000 loan to Hugh Silberman, of Automated Molded Plastics, Inc. Silberman used the loan to form Real Estate Ventures, which built a plant for lease to Aquarius Plastic Finishes. The plant, expected to employ 20 persons, is located in the airport industrial park.

## Reviving the Central Business District

Another segment of the South Bend overall economic development program is being directed at the revitalization of the central business district. In November 1977, Century Center—a major phase of this long-range program—was completed. The campus-like facility was designed by internationally recognized architects Philip Johnson and John Burgee. Century Center includes 200,000 square feet of floor space and features a climate-controlled "town square." The square offers a panoramic view of the St. Joseph River and its white waterway.

*PRECISION — An inspector checks measurements at South Bend Lathe, Inc., where precision is a prime ingredient in lathe production controls.*

*URBAN REVITALIZATION—South Bend's Century Center and the white waterway of the St. Joseph River were constructed with EDA help as part of long-range revitalization of the city's central business district.*

The center has a theater for the performing arts, an arts center, classrooms and studios, recreation facilities, a "great hall" with accommodations for conventions and conferences, and Discovery Hall—which houses a museum collection of Studebaker automobiles.

EDA's financial support for Century Center began in December 1974. Richard A. Rosenthal, chairman of the board of St. Joseph Bank and chairman of Century Center's board, recalls that $12 million had been amassed—from public contributions, a city bond issue, and Federal revenue sharing—for construction of the center.

"But we had a problem because of a lack of funds for site preparation," Rosenthal said. "EDA made the entire project possible with a $1,103,000 grant."

The funds were provided under provisions of the Public Works and Economic Development Act, which authorizes grants for public facilities essential to the long-range industrial and commercial growth of a community or an area. The City of South Bend matched the EDA grant for site preparation and the Century Center project was launched. Site preparation included removal of a dam used at one time by a power company and construction of retaining walls and utilities for the 11-acre tract.

## Other EDA Programs Help

In July 1975, EDA approved a $232,000 grant for South Bend under its Title X Job Opportunities Program to create jobs for the unemployed in areas of high unemployment. The grant was used to construct the white waterway on the St. Joseph River.

The waterway is a focal point for Island Park, an area across the river from Century Center, that is another major South Bend development project. South Bend anticipates the establishment in Island Park of tourist facilities, such as motels and office buildings, to provide job opportunities for unemployed inner-city residents.

In the summer of 1977, EDA made $528,000 available to South Bend under the Local Public Works Program, enabling the city to give top priority to two projects associated with Century Center and Island Park. A $218,000 grant was approved for the construction of a lighted parking lot for Century Center and $310,000 was allocated for various Island Park improvements.

South Bend's present mayor, Peter J. Nemeth, said Century Center has already established itself as "the people's place" by virtue of the crowds it has attracted and the variety of activities that take place there. Mayor Nemeth said the $14 million riverfront complex is the largest public works program undertaken by the city.

South Bend is banking on Century Center and Island Park to boost tourism and convention business and to attract commercial enterprises, all with the aim of creating jobs and restoring vitality to its central city area. New jobs are especially needed in that area, where the unemployment rate is more than 8 percent, Mayor Nemeth reported.

Shortly after the Studebaker closing, Dr. Harold L. Sheppard, of the W. E. Upjohn Institute for Employment Research, who was the Coordinator of Federal Programs in South Bend in the aftermath of Studebaker's action, wrote a report that contained these prophetic comments:

". . . the entire community, in the opinion of this writer, as well as in the opinion of many local leaders, stands in need of a full-scale economic development program engaging the full spectrum of economic and civic groups in the area . . . and . . .

"At the present time there is no existing mechanism in the Federal Government for dealing promptly and decisively with community economic disasters. . . . The South Bend experience will prove to be a valuable one to the degree that the community and its workers solve their problems. But it will be even more valuable to the degree that new policies, authority and techniques are devised by the Federal and State governments to meet more rationally, promptly and smoothly similar crises in other labor market areas. . . ."

## Long-Range Planning Cited

During the November 1977 dedication ceremonies for Century Center, Robert T. Hall, Assistant Secretary of Commerce for Economic Development and head of the Economic Development Administration, emphasized the crucial role of the St. Joseph County-South Bend long-range planning program in making the center possible.

Hall pointed out that it was this planning process that enabled EDA to assist South Bend in "packaging" funds from the agency's various programs in support of successful projects in the city such as the Century Center and Island Park.

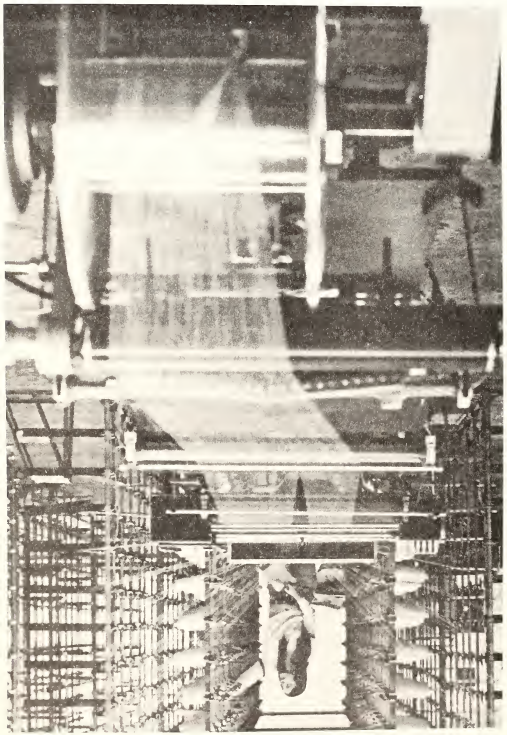
Commenting on South Bend's economic development program, Assistant Secretary Hall paid tribute to the community's civic groups and business leaders for providing the support needed to sustain the long-range planning concept through the years.

Hall also expressed appreciation to Congressman Brademas for his strong support of economic development at both the local and national levels.

"I am convinced that Federal funds, such as those from EDA, obtain the maximum result in terms of new jobs and income when they are combined, in a carefully designed fashion, with funds from other sources in the public and private sectors," Hall said. "It is essential that the private sector be involved in the planning and packaging process, for it is to the private sector that we must look to create and maintain the jobs that are essential to the economic well-being of South Bend, St. Joseph County, and similar areas throughout the Nation."

# RURAL AND INDUSTRIAL DEVELOPMENT IN ECONOMIC DEVELOPMENT DISTRICTS

## Mohawk Valley Economic Development District
## Mohawk, New York



THE Mohawk Valley in upper New York State is doing a job of resisting economic erosion that other aging industrial regions might well envy.

Working through the Mohawk Valley Economic Development District (EDD), local communities in the five-county area have saved older industries, attracted newer ones, provided a more efficient environment for both, and helped balance declines in industry and dairy farming with gains in tourism and the service sector.

This has been accomplished with the help of more than $16 million in grants and loans from the Economic Development Administration (EDA). Federal funds have helped lever change since 1966 when the district was organized, but the funding has been in response to local initiative. District officials, working with local officials, write grant applications, and local citizens determine the actual spending methods to be used to halt industrial decline or create new jobs in the depressed area.

*NEW JOBS FOR OLD VILLAGE—Residents of Cobleskill, N.Y., tend sophisticated drapery machines at Interknitting, Inc., established with the help of a business development loan from the Economic Development Administration. The Mohawk Valley District helped the firm apply for the loan—the deciding factor leading to Interknitting's location in the village.*

The techniques used by the Mohawk Valley District are largely political—but not in the sense of partisan politics. Rather, they are a series of political strategies designed to fuse overlapping jurisdictions or diffuse potential rivalries. A given project or problem may involve four or five layers of government in addition to special districts.

This is particularly complex in New York State, where the elected township board may or may not choose to delegate certain powers to its villages and towns. The urbanized Mohawk corridor is actually a web of villages and towns strung along a rail-water-highway spine running through five counties—Oneida, Herkimer, Fulton, Montgomery, and Schoharie.

Neither growth problems nor their solutions are affected by the boundaries on the map. Overlapping jurisdictions and special districts complicate the issue. Sometimes, setting up yet another special district or corporation is the only way to get the job done.

*WORKER IN WOOD—Cobleskill is home to several small industrial enterprises, assisted in some instances by EDA business development loans.*

## Benefits Cross Boundaries

Building the sewer serving the West Frankfort Industrial Park, for instance, involved eight entities—two counties, the City of Utica, a town, a village, the Oneida County Park Sewer District, the Utica Board of Water Supply, and the Federal Government.

"If it hadn't been for the district (Mohawk EDD) and all those public hearings, I don't think we could ever have gotten the sewer built," said Henry Gaffey, executive vice president of the Herkimer County Development Corporation.

"I am convinced that economic benefits don't stop at boundaries. Sure, the West Frankfort park gives some advantages to Oneida County. But my wife crosses the county line every day to go to work in Utica. So they get some jobs; we get the tax base."

## Local Initiative and EDA Role

John M. Ladd, Mohawk Valley EDD's executive director, is aware of the politics of economic development. The village of Boonville needed a new water system to serve its new industrial park. The Boonville Village Board members were ready for action, but were unsure of what to do.

Ladd outlined the options available to the Boonville board. They could pay for the expanded system through higher taxes or with higher water rates. He made no recommendation, but sent the officials home to work on the alternatives, based on municipal figures. The possibility of a referendum to allow the citizens to make their choice was also suggested by Ladd. The project was incorporated into the district's Overall Economic Development Program (OEDP), and local officials continued their careful study of the various funding alternatives through the summer of 1978.

"You have to be sensitive to political feeling, to know what it is in order to evade it or make it work for you," Ladd said. "You can't tell local officials what to do, but in every community there are one or two persons they will listen to. It is wiser," he continued, "to let those influential people talk with the community than for an outside government official to try to do it."

## Conflict Resolved

Sixty miles in the other direction, in Cobleskill, the situation was different. There, too, the proposal was for an industrial park, but local officials had two views of the proposed facilities.

The sentiment in favor of building an industrial park to bring jobs to Schoharie County residents was countered by those who wondered why a quiet village like Cobleskill would want to bring in industry and generate more traffic. "Why not commute to jobs already at Amsterdam and St. Johnsville and Schenectady?" they asked.

While district personnel sensed a shift in favor of the industrial park, county planner Roland Crowe was not so sure. As an EDD board member he attended the meetings. He also received visitors from the Mohawk office.

"They hold a lot of meetings and they come here and talk a lot, but they don't understand how people feel around here," Crowe said.

It may be that Crowe and the district staffers talked with different people or heard different things from the same people. The district now has ardent supporters in two firms set up with the help of EDA business loans—Burton Industries with about 320 workers, and Interknitting, Inc., with about 80 employees. Burton hires fairly inexperienced workers for many of its door-frame assembly lines. Interknitting's Bruno Hoffman went through a lot of hiring and firing before finding a stable work force for his pattern-mesh drapery machines.

Both Boonville and Cobleskill might have remained out of the industrial mainstream except for the commitment of the economic development district to bring jobs to all of the five-county region. Hoffman was unable to locate financing for a Cobleskill plant until Ladd and his people brought in EDA, which provided a $488,000 business development loan in 1976.

One of the influences in local opinion is the double role that any member of a district board plays—relaying local wishes to the district level and returning home with ideas that are new to the local people.

## Mohawk History

The industrial history of the Mohawk Valley and the mission of the economic development district as well were shaped by nature long before Federal grants were available. The valley, only a mile wide in some places, served as a corridor for canoe transport by Indians and trappers during the 200-year reign of the Iroquois Six Nations. The city of Rome was founded at the portage between the watersheds of the Mohawk River and Oneida Lake.

Cheap waterpower brought the first textile and metal working mills to the Mohawk's banks. The influx of immigrant workers was just beginning when DeWitt Clinton championed the digging of the first Erie Canal through Rome.

Immigration continued through the 19th century and into the 20th. The early Germans and Irish were followed by Italians and Poles. Today, Italian-Americans make up about 45 percent of the population in the Rome-Utica area, Polish about 25 percent.

Outmigration began as a trickle after World War II, when air conditioning made it easier to manufacture textiles in the South. During the 1940's, the losses were mainly in farm employment. During the 1950's, a total of 10,000 jobs disappeared from Oneida and Herkimer Counties, nearly 9,000 in apparel manufacture. The valley counties were losing around 10 percent of their job base each decade, and 5 to 10 percent of their population.

## Smaller Firms Disappear

Old valley names were still household words—such as Mohawk for carpets and Utica for household linens—but the labels were being affixed elsewhere. Today, only two famous glove houses remain in Gloversville, and they serve mainly as distribution warehouses for imports from France and the Orient. Many of the family-owned glove makers, employing 20 or fewer, have disappeared too.

Only five major employers remained in the valley: Revere Copper & Brass at Utica, the Beech-Nut Baby Foods and Life Savers complex at Canajoharie, Coleco toy manufacturing at Amsterdam and Gloversville, Remington Arms at Ilion, and General Electric at Utica, employing from 2,000 to 3,500 each.

On top of the long attrition came another blow to the area. The 1963 shutdown of the Rome Air Materiel Command cost 3,400 civilian jobs alone. The closing announcement, received in 1962, spurred 30 businessmen to organize the Oneida County Industrial Foundation. For 4 years they groped for some lever to reverse the trend. They wanted to build an industrial park, but could not raise the money.

After the Economic Development Administration was established in 1965, EDA planners found that in the Mohawk Valley median family income was $311 below the national average. Unemployment was 40 to 60 percent above average.

## Introducing the District Idea

EDA planners visited the valley, met with leaders from four counties and explained the concept of an economic development district. Their listeners, including members of the Oneida group, were skeptical. Still, the prospect of Federal funding for stalled projects induced them to try.

One of the more enthusiastic listeners was John Ladd, then a Herkimer County supervisor. He was chosen to be executive director of the new organization, a position he still holds.

Although the Mohawk Valley District was organized and funded in 1966, it was not formally designated as a district until 1968. The delay was because of local insistence that a single city is not a growth center. Ladd and his board held firm for designating the full 30-mile stretch between Rome-Utica and Little Falls. They also wanted the growth center at the eastern end to encompass Amsterdam, Fonda, and Johnstown-Gloversville. EDA finally agreed to the Rome-Little Falls corridor, but refused authorizations for the triangle area. The district accomplished its desired purpose by acquiring EDA grants for individual development centers within the area. When EDA saw that the "growth corridor" concept worked in practice, the district was approved. Over the next few years, EDA learned from Mohawk, and the growth corridor has become a common tool in regional development since 1970.

## The District's Record

Some of the district's successes have been spectacular. The use of Federal funds for the 80-acre West Rome Industrial Park (450 jobs) and the Oneida County Air-Industrial Park at Oriskany (900 jobs) won a reputation for achievement that has enabled several other projects to be approved. Subsequent projects include the Riverside Industrial Park at Little Falls (700 jobs); the Glove Cities Industrial Park at the eastern end of the Thruway; industrial water at Amsterdam (3,000 jobs); and the industrial park at Boonville.

But there also have been disappointments. Each success was tempered by losses in employment elsewhere. General Electric closed its doors (3,600 jobs); Univac moved away (5,000 jobs); Allegheny and Mohawk airlines merged, moving their headquarters (1,000 jobs); and the Air Force's Ground Electronics and Engineering Installation Agency (GEEIA) closed, leaving more unemployed.

*GLAZING HIDES—Suede and leather garments start to take shape at Pan American Tanning, Gloversville, N.Y.*

## Saving Jobs Gets Priority

Saving threatened industries is a high priority for the economic development district. Successes in this area include the Fowler Finishing plant (now Liberty Mills) at St. Johnsville (260 jobs), the Rome Air Development Center (1,200 jobs) and its data-processing satellites, and most recently, the Sperry-Rand Library Bureau at Herkimer (257 jobs).

Making cramped industrial sites more accessible is another district skill. In Rome a road near the Revere plant was widened. Revere subsequently applied for an EDA loan and added to its work force for the first time after years of attrition. At Amsterdam, public works funds built a shortcut enabling Coleco's large trucks to avoid hazards in entering the thruway.

Saving railroads is also a concern of the district. CONRAIL wanted to reduce the Mohawk trunk rail-line to the status of a feeder line out of New York City. Without the east-west traffic, many industries would have suffered higher supplies costs. When Ladd and his allies got New York State to put up $2.5 million for rail roadbed overhaul, CONRAIL agreed to keep the Mohawk segment as a major east-west route.

And, when three feeder rail-lines serving industries employing around 12,000 people were in danger of being closed down, district personnel helped organize the Delaware-Otsego Corporation to buy and operate the lines and obtained a loan from the Small Business Administration to help finance the purchase. As a result, the corporation operates three successful rail lines—the Fulton-Johnstown and Gloversville, the Cooperstown-Charlotte Valley, and the Central New York. The corporation turned a profit for its local stockholders the first year.

The newest achievement in the district, shared with Lake Placid, is the reopening of the line through the Adirondacks for the 1980 Olympics —and beyond.

*MOTRONICS—Building motors for computers requires skill and a steady hand at Riverside Industrial Park, Little Falls, N.Y. The Mohawk Valley Economic Development District staff helped the city plan the park.*

The Economic Development Administration provided a $1,225,000 grant to the New York State Department of Transportation to rehabilitate and reuse a 118-mile section of railroad to serve the Adirondack State Park and stimulate tourism in Essex, Franklin, Hamilton, Herkimer, Oneida, and St. Lawrence Counties.

EDA's grant approval helped support the six counties and three multicounty economic development districts (EDD's)—Black River-St. Lawrence, Lake Champlain-Lake George, and Mohawk Valley—in carrying out the goals of their Overall Economic Development Programs (OEDP's).

The EDA grant included a $175,000 bonus (10 percent of the $1,750,000 total project cost of rehabilitation) because the six counties in the project area were participating in the regional planning programs of the multicounty economic development districts.

## Tourism

Developing tourism is one way to channel outside dollars into the region. Besides the Adirondack playground of northern Herkimer County, the district has excellent local fishing, numerous historical sites, and spacious sports arena-convention facilities. Factory outlet stores offer an opportunity for industry and tourism to meet, and most big plants have them now. Leatherstocking Country, Inc. (N.Y.), publishes a tourist guide to these bargains.

The policies adopted by the district board and the techniques used by staff could be applied in many other geographical areas, particularly those of the aging Northeast and Upper Midwest. Briefly, they are:

1. Save what can be saved. Older industries employ older workers who may not be retrainable.

2. Buy industrial land early and hold it in trust. Ownership is the only sure control of land values. Elsewhere, industrial prospects have been driven off by speculators.

3. Keep plans flexible. As competition and inflation eroded the chances for a solid industrial base, Mohawk shifted to improving its role as service center for the surrounding region. Tourism is the third leg of this economic base.

4. Leave final decisions to local authorities. The district's officials maintain a nonpartisan stance, allowing leaders of the two political parties to present ideas to their respective constituents.

5. Move the board meetings around. This strategy keeps board attendance at 60 to 80 percent as rotating hosts return courtesies, despite the travel miles involved.

6. Keep up a presence. The executive director or a member of his staff attends many local council and planning commission meetings,

*QUALIFIED—This former trainee at the Motronics plant at Little Falls, N.Y., has acquired skills that qualify her for a full-time job. Her training came through a program coordinated by the Mohawk Valley District.*

thereby reminding local officials of the district's role in overall economic development and of where they can get help when it comes time to apply for grants.

7. Recruit a good staff and retain it. Executive director John Ladd has all except two of his original staff, and one who left joined Leatherstocking Country, Inc. (N.Y.), the multicounty tourism promotion agency spawned by the district.

8. Capitalize on history. The Bicentennial made the public conscious of history, and it also made the valley aware of its rich heritage.

9. Look abroad. The Mohawk Valley has gained two former foreign employers: Pan American Tanning and Interknitting, Inc. The district is also studying possible air cargo and agribusiness ties to foreign trade.

## The Industrial Park Mystique

Those involved in economic development often fasten on the industrial park as the key to reversing economic decline. An example is the Riverside Industrial Park in Little Falls, just completing its third phase of growth. Developed from 80 acres of marshy land assessed at $1,000, the park now is assessed at $2.5 million. It represents 11 percent of the total tax base of the city of Little Falls.

Frank Mendle, who moved his Allegro Shoe Company from an old four-story brick factory to a new one-story modern plant in the park about 2 years ago, told what it means to his firm.

"We can make more shoes here with 100,000 square feet than we could in the old building with 130,000," Mendle said. "We are more efficient. Believe me, with the competition from imports we have to be efficient to stay in business."

Rome city planner Roger Potocki, looking down on reconstructed Fort Stanwix from his office in city hall, recalled that it was the Mohawk Valley District that secured an EDA technical assistance grant which in turn prompted the Department of the Interior to put $6 million in the fort's restoration.

Rome also is rebuilding Erie Canal Village and operates a tourist packet boat on a part of the original canal.

Tourists also can roll back into the 19th century on the huffing-puffing Erie-Ft. Bull Railroad for a 4-mile run to the site of the 1755 Ft. Bull, just across "Clinton's Big Ditch" from Erie Canal Village. EDA funds helped restore the village and build the packet boat according to authentic plans. Local history buffs raised funds to buy the railroad and get it running.

# ORGANIZATIONAL RESOURCES FOR ECONOMIC DEVELOPMENT

## University of Arkansas University Center Program Little Rock, Arkansas

ALTHOUGH it's the smallest State in land area west of the Mississippi, the boast on its license plates is big: "Land of Opportunity."

But, while it works hard with limited resources to make that claim a reality, Arkansas remains the second poorest State in the country in terms of per capita and median incomes.

The University Center Program of the University of Arkansas' Industrial Research and Extension Center (IREC) is an example of the State's effort to improve its economic condition with limited resources. Funded in part by the Department of Commerce's Economic Development Administration (EDA), the program consists of technical assistance to small businesses and management education.

The Arkansas General Assembly created the Industrial Research and Extension Center in 1955, principally as the research arm of the Arkansas Industrial Development Commission (AIDC), a State agency.

### Most of State Served

From the outset, IREC offered a business advisory or technical assistance service, but it was what Dr. Barton Westerlund, IREC director, called a "pretty small-scale" operation until 1967 when the first EDA grant of $63,583 was obtained. The Federal agency wanted the funds used to emphasize business counseling to EDA-designated counties (which means most of Arkansas) and they have been, Dr. Westerlund said. From 1967 through 1977, EDA has contributed a total of $721,629 to the University Center Program.

*INVITATION TO INDUSTRY—Credit for economic development in Parkin, Ark., goes to the University of Arkansas' Industrial Research and Extension Center, an EDA-funded University Center Program.*

EDA's support of IREC's technical assistance and management education program has grown to about $80,000 a year, while the State annually puts $120,000 into the effort. The $200,000, which primarily pays the salaries and expenses of seven field representatives, is part of the $700,000 that IREC spends annually on the extension phase of its mission. This is about half of its overall fiscal year budget of $1.4 million.

Despite a relatively small staff and a low level of publicity about its activities, the University Center Program's business advisory services section apparently has been a success. This conclusion is based on interviews with business officials throughout Arkansas who were chosen at random from general project descriptions in the program's annual reports.

### Firm Increases Productivity

Steve Horeis of Midland Supply Company at Fort Smith said he learned about the business advisory services indirectly in 1976, through one of the management seminars IREC conducted at Fort Smith. The firm had serious cash problems caused by production flaws and excessive labor charges on each of the treated poles it produced. A professional engineer on the IREC staff found that the operation required manual processing of the poles which increased the labor charges per unit. Automated equipment was available but using it wasn't possible because of the company's financial problems. Revisions were made in product flow, decreasing the labor supply involved.

Horeis said, "We thought we knew what we were doing wrong. IREC confirmed what we thought and pointed out a few other things to increase productivity." He confirmed

that many of the suggestions had been implemented and the business had been strengthened as a result, verifying the IREC statement that the changes had helped stabilize about 60 jobs.

"We wished we had known about them a year before," he said. "The service needs to be better publicized."

## New Product Brings Success

Superior LP Suppliers, Inc., is another University Center Program success story. Tommy Griffin, president of the Little Rock firm, recalled that 5 years ago Arkansas Foundry Company went out of the business of fabricating tanks for liquefied petroleum (LP) gas. He and two other veteran Arkansas Foundry employees thought about opening their own tank manufacturing business. IREC made a market survey and concluded that such a business wouldn't be profitable. But the survey did turn up a demand for tank fittings. Griffin and his partners took that option and have been operating a profitable business for 4 years. The University Center Program "helped tremendously, especially with the lender and marketing people," Griffin said.

Sometimes not starting, expanding, or stabilizing a business means IREC has succeeded. For example, in 1976 the owner of a diagnostic infrared photography service came to IREC and asked for help in evaluating the current technology in his industry. IREC was to determine whether or not financial backing existed to support the innovations proposed by the owner. It was determined that the service to be provided by the company already was being supplied by other companies in the area, and that the owner's competitive posture would

*COMEBACK FOR A COMMUNITY—Wallace Martin, local leader, got the Industrial Research and Extension Center to work up a feasibility study to put Parkin on its way to a new life.*

be extremely weak. The owner took IREC's advice and decided against the expansion, which might have resulted in the loss of existing jobs.

## Staff Fully Occupied

Milton Halford, IREC technical assistance coordinator, is concerned about what would happen if the program were better publicized. "I don't have the resources," he declared. "Every field representative has more cases now than he or she can handle, and it's no good getting a case if you can't handle it. You do a man a tremendous disservice if you put him into business when he shouldn't be." The only way to avoid that, he said, was to continue to produce quality work.

IREC's seven field representatives are stationed at Jonesboro (northeast Arkansas), Batesville (north central), Fort Smith (northwest), Little Rock (central), Hot Springs (west central), Pine Bluff (southeast) and Magnolia (southwest). The Batesville field representative also serves the Harrison area in the extreme northern part of the State, and the Pine Bluff representative also has an office on the campus of the University of Arkansas at Monticello, deep in the heart of Arkansas' timber-growing area.

With the exception of Monticello, all field offices are in the same buildings that house the State's planning and development districts.

The field representatives, most of whom have accounting experience, are paid an average of $16,000 to $17,000 annually, a level Halford said he must maintain to compete with private industry for employees.

If the University Center Program were better publicized, Halford estimated he would need a field representative in 50 to 60 of Arkansas' 75 counties to serve the business that would be generated. The IREC official clearly envies U.S. Department of Agriculture's Extension Service, which has an agent in every county. "But I'm like all other State agencies," Halford said. "I don't have the money."

## Field Representatives Are Key

To most of IREC's business clients, the field representatives are the stars of the University Center Program.

Mrs. Frank Thompson of Hot Springs is the widow of a man who started a novaculite firm. Novaculite is an abrasive stone which, when combined with other agents, cleans and polishes the rough edges of steel parts and other metal products.

In 1976, the Thompsons approached field representative Victor Redditt and asked him for a list of manufacturers in Arkansas who could be prospective customers. Mrs. Thompson said they also wanted to be put in touch with the Small Business Administration at Dallas. Redditt "found us the key man to talk to," with the result that the Thompsons made a "good sale" to Tinker Air Force Base in Oklahoma and "we're anticipating another," she said.

Redditt was impressive, Mrs. Thompson recalled. He knew nothing about novaculite, but that didn't stop him from learning, and he was "very intelligent and helpful and enthusiastic," she reported.

Ernest Whitelaw, executive director of the Southwest Arkansas Planning and Development District at Magnolia, said he was completely "pro-IREC" after working with field representative James F. Burgess, which was made easier by the proximity of their offices. Burgess, Whitelaw said, works hard, knows what he's doing, and has a "particular knack" for working with minority business enterprises. Whitelaw added that he regarded Burgess as "a part of my staff, though of course, he really isn't."

Jason Rouby, the director of Metroplan—the council of governments and planning agency for Pulaski and Saline Counties—said the population projections by IREC were beneficial, and that 11 years ago IREC did the first economic development study for the area that includes Little Rock.

## Workload Mushrooming

Backing up the field representatives at Little Rock, in addition to Halford, is J. P. Moore, assistant director of IREC and director of its extension program, and Dr. Frank D. Hall, coordinator of the center's education program.

Dr. Westerlund, the director, establishes the policies and guidelines for IREC. In 1971 he received a Presidential commendation for his

*RESTORATION—An insurance broker now occupies this historic building in downtown Parkin, Arkansas.*

*THE RIGHT BUSINESS—An Industrial Research and Extension Center market survey led Tommy Griffin and his business partners to go into making gas tank fittings.*

work with small businesses, and in 1972 he was given a congressional citation for his leadership in economic development. Westerlund was named by the Secretary of Commerce to the National Public Advisory Committee on Regional Economic Development in July 1975. He was elected president of the Industrial Developers of Arkansas in October 1977.

A study of the University Center Program's annual reports revealed that its work has mushroomed in the last 3 or 4 years. In FY 1974, the program provided personalized assistance to 66 clients. In the fiscal year ending June 30, 1977, business advisory services personnel delivered assistance to 160 clients representing 73 new ventures, 62 business expansions, and 25 business stabilizations.

## Broad Educational Program

A total of 90 economic development seminars were conducted in 31 locations in FY 1974. They were attended by 2,822 participants, who received 1,112 hours of instruction, for a total of 29,310 participant hours. This represented a 94-percent increase over the previous fiscal year.

In FY 1977, education section personnel conducted 91 seminars and workshops attended by 2,311 participants. The programs were used by 1,486 organizations and were offered at 18 locations in Arkansas.

Although the number of participants and locations were down in 1977 and the number of seminars had increased by only one, IREC officials said its educational programming has been "broadened."

Three years ago, Hall, coordinator of the education program, explained, the only seminars offered were for supervisors and those on the management scale one step above supervisor. Now there are workshops providing guidance for potential small business owners; programs on marketing or general management topics such as time management, planning and control, leadership and organization development, sales management and salesmanship; courses for middle managers and seminars on financial and operating leases; cost accounting for manufacturers; and introduction to computers and minicomputers.

Basic techniques and concepts of collective bargaining, administration of pension plans, personnel selection and interviewing skills, fundamentals

of personnel management, international trade opportunity, and international business law were among other subjects covered in 1977. An unusually popular workshop has been the "Emerging Woman in Management." Katherine Shurlds, a reporter for the Benton County Democrat and a usually critical journalist, declared that the "Emerging Woman in Management" workshop she attended in October was "fantastic."

Other workshops and seminars are technically oriented and include such subjects as regulations of the Occupational Safety and Health Administration, solar heating and cooling, work measurement and instructional guidance in mathematics, chemistry, statistics, dynamics, mechanics of materials, fluid mechanics, thermodynamics, electrical theory, and economic analysis.

## Help for a Community

The University Center Program is devoted almost exclusively to businesses. It did depart from this pattern in one instance in FY 1974, according to Wallace Martin, a community leader in the city of Parkin in east Arkansas.

About 6 years ago, Parkin (city population, 2,150; trade area, 6,000) had 23 empty store buildings downtown and was a "typical decaying delta town" that knew it either had to improve or die, Martin said. Martin approached IREC for help. He wanted a feasibility study and a development plan for the city. Nothing happened for a year, something Martin attributed to the uniqueness of the project. IREC was more accustomed to working with the State's population centers of Jonesboro, Fayetteville, Little Rock, and Fort Smith than with a tiny delta town. After some delay, IREC produced a feasibility study for Parkin that was "very comprehensive—a very good job," Martin said.

Only nine buildings in downtown Parkin are empty today. About a dozen buildings have been renovated with 15 more to go. The city has its first water and sewerage systems at a cost of $2 million, and an industrial park has been developed with the aid of a $384,000 EDA public works grant.

# INDIAN ECONOMIC DEVELOPMENT

## Devils Lake Sioux Manufacturing Corporation
## Fort Totten, North Dakota

IN June 1977, the Devils Lake Sioux Manufacturing Corporation paid its first cash dividend to the Devils Lake Sioux Tribe of Fort Totten, North Dakota.

But the company, formed in conjunction with the Brunswick Corporation to manufacture camouflage for the U.S. Army, had been paying dividends of a different kind to the Sioux since it opened its doors in 1974. Those dividends were in the form of more than 200 jobs for Indians, a sharp reduction in welfare with a corresponding increase in family incomes, and restoration of pride to a once proud people.

The manufacturing company at Fort Totten was developed through the combined efforts of a number of persons and agencies. In 1970 the Army was looking for a large supplier of camouflage nets to be used as antivisual detection devices for antiradar and antiinfrared detection capability. The Army, the Economic Development Administration of the U.S. Department of Commerce, the Bureau of Indian Affairs, and the Small Business Administration all worked with the Devils Lake Sioux Tribe and the Brunswick Corporation in establishing the Devils Lake Sioux Manufacturing Corporation. The firm was owned 70 percent by Brunswick and 30 percent by the tribe, with provisions that the tribe could purchase additional shares in future years.

*TO FOOL THE EYE—What first appears to be a mound of earth or dark gravel is, in reality, a sample product of the Devils Lake Sioux Manufacturing Corp., maker of camouflage nets for the Army.*

### EDA Makes Business Loan

From its inception in 1965, EDA has worked with Indian reservations in their programs to develop urgently needed public facilities and to create jobs for their unemployed. Unemployment rates of 50 or 60 percent or higher are not uncommon in Indian communities.

As a result, the Public Works and Economic Development Act specified from the beginning that Indians should take part in the Nation's redevelopment program. In 1966 EDA established a special Indian Desk to work with the tribes and nations. The Act was amended in 1974 to specify that EDA would spend up to $25 million a year on needed public works on Indian lands. From FY 1966 through FY 1978, EDA approved a total of $523.6 million for projects of all types in more than 500 Indian communities nationwide.

*HAND AND MACHINE—Both manual and machine skills are called upon to make camouflage nets. Workers produce complex camouflage systems under a multimillion-dollar contract with the military.*

In 1973 the Devils Lake Sioux Manufacturing Corporation obtained a $750,000, 5-year business development loan from the Economic Development Administration and constructed a 72,000-square-foot plant.

During the previous year, as many as 89 percent of the tribe's members had been unemployed for at least 6 months. Tribal and Government jobs were the only sources of steady employment. A Commerce Department book on Indian reservations described the tribal economy: "The tribal income is $3,400 yearly. There are three full-time tribal employees. There are a few stores on the reservation; however, most commercial activity is associated with the nearby community of Devils Lake. Sand and gravel are found on the reservation, but are not being exploited."

That same publication, reporting on the culture of the Devils Lake Sioux Tribe, stated: "Their sense of honor was strong, as was their sense of loyalty to the group. . . . The ingenuity of the Sioux people with the products of the buffalo was unique and creative. Most items of food, clothing, housing, utensils for water-carrying, tools for sewing and digging, and ceremonial dress, were fashioned from parts of that animal. The Sioux political organization and military strategy were both well developed. . . ."

These attributes have been demonstrated by the Devils Lake Tribe in their successful cooperative venture with Brunswick in starting and operating the manufacturing facility and by its members individually as they learned new productive skills that require dexterity and patience. More important, however, to the Indians who work at the plant, was adapting to the industrial work ethic, to the idea of reporting to work everyday, and working by a time clock.

"We had to hire more than 400 before we got the relatively stable group of 275 employees we now have," said B. J. Richmond, vice president and general manager of the company.

## Absenteeism Problem Overcome

Absenteeism was the greatest problem in the beginning, but management worked with its Indian employees, taking them back two, three, and even four times.

Richmond said that much of the absenteeism among Indians was due to strong family ties in the community. On a good day, absenteeism is only about 4 to 5 percent; when it goes above that level, it usually is because of something going on in the community, such as a funeral. "These absences we are basically prepared to accept," Richmond said.

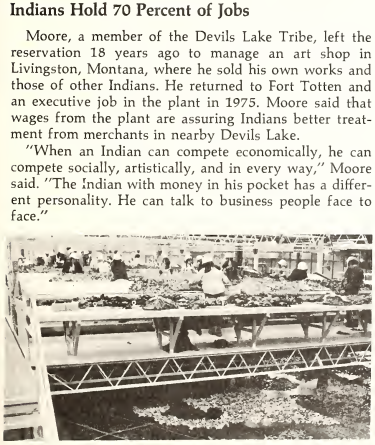
In addition to cutting welfare rolls on the reservation, the plant has brought a sharp reduction in unemployment. According to the Bureau of Indian Affairs, the unemployment rate of 61 percent in March 1973 has been reduced to a relatively steady rate of 43 percent since the plant opened.

The original agreement between Brunswick and the tribe called for Brunswick to train Indians gradually to assume executive jobs in the plant, as well as in the operation of the assembly lines producing the camouflage. Among the Indians who had moved into executive status by early 1978 were Rex Moore, who joined the firm as purchasing agent and moved up to materials manager; Dale Nadeau, a Chippewa, who was personnel manager; Dave Trottier, training director; Mrs. Lorraine Grey Bear, security officer; and Joe Chaske, employment manager. Most of the first-line supervisors and inspectors in the plant were Indians.

## Indians Hold 70 Percent of Jobs

Moore, a member of the Devils Lake Tribe, left the reservation 18 years ago to manage an art shop in Livingston, Montana, where he sold his own works and those of other Indians. He returned to Fort Totten and an executive job in the plant in 1975. Moore said that wages from the plant are assuring Indians better treatment from merchants in nearby Devils Lake.

"When an Indian can compete economically, he can compete socially, artistically, and in every way," Moore said. "The Indian with money in his pocket has a different personality. He can talk to business people face to face."



*SPACE TO WORK—A business development loan from the Economic Development Administration helped finance the 72,000-square-foot plant housing the Devils Lake Sioux venture.*

Jim Baker, 37, a Chippewa who joined the firm as a lead maintenance man 3 years ago and in February 1978 was maintenance supervisor, agreed with Moore. "When you cash a welfare check," he said, "you always feel that there is someone looking over your shoulder. When you cash a check you have earned, you can hold your head high and know that you can do whatever you want to with your own money."

Baker is one of the more than 200 Indians, mostly Sioux, but representing eight other tribes also, who make up 70 percent of the plant's work force. Although he is a Chippewa, he was born and reared at nearby Devils Lake. After receiving vocational training as a young man, Baker found it necessary to leave home to find jobs to use his skills. "I wandered around a lot to find jobs," he said. "I worked as far away as California and Texas. But I finally came back home, and this place gave me a chance for the first time to get a job that uses what I have learned and to earn my own way in my own community."

## Tribal Members Improving Status

An example of an Indian family that has improved its economic status as a result of the plant is that of Dianne Jackson, a worker on the assembly line. She was one of the first group trained for the job and has been at the plant for 4 years. Her husband also works there, and together they earn more than $10,000 a year.

What has the money meant to them? "Better clothes for our three children," Mrs. Jackson said. "And we have a new house." The Jacksons moved into a house at St. Michael, 5 miles from the plant, 3 years ago. Under a Government program, their rent was applied to a downpayment to help them become home owners.

The Jacksons are typical, according to a chart prepared by the company which shows that Indians have increased their earnings by an average of 405 percent over their previous incomes.

One young Indian who is realizing his aim of moving up into plant management is Virgil McKay, 24. Three years ago he joined the company as a lead man on the production line, which he said was his first steady job. "I worked at several jobs for 2 or 3 months each and at one job for 6 months before I came to the plant," McKay said. In 1975 he said he was looking forward to moving up in the company. "I know it will take a long time to learn all I need to know, but I hope to get there." By early 1978 he was achieving his goal, having been appointed program controller for new business.

That job was created, vice president Richmond said, because in 1977 the company and the tribe passed two important milestones. In June of that year, the first cash dividend, $200,000, was paid, 49 percent to the tribe, and 51 percent to Brunswick, according to their holdings of stock at that time. The Devils Lake Sioux paid off their note to the Economic Development Administration—a year early.

## Addition Constructed

In 1977 the tribe also constructed a 15,000-square-foot addition to the plant. According to Richmond, the new space is being used to manufacture wiring harnesses for outboard and inboard motors for boats. "We expect the new business to grow," he said, "and we expect to add 50 to 60 more employees by the end of 1978."

The Indian workers have learned well the job of producing camouflage. This was demonstrated in May 1977 when the Army presented the company the Value Engineering Achievement Award for reducing the cost of a camouflage support component by $1.8 million.

In calendar year 1976, the firm reported a net income of $1,346,794 on sales of $14,224,732.

In early January 1978, Carl McKay, 28-year-old chairman of the Devils Lake Sioux and brother of Virgil, went to Washington, D.C., to sign a new Army contract totaling $12,342,600 for camouflage. Netting for the camouflage was to be produced by the Assiniboine and Sioux Indian Tribes in Poplar, Montana, under a $3,025,000 contract with their A&S Tribal Industries.

## Tribe Moves With Caution

In February 1978 the Devils Lake Sioux renegotiated their agreement with the Brunswick Corporation and purchased additional stock to bring their holdings in the company to 51 percent. Under the new agreement, Brunswick will continue top management of the firm for an additional 3 years through 1981, while continuing to train Indians for eventual control of the operation.

Chairman McKay praised the management of the Brunswick Corporation and said that the tribe expects to keep Brunswick aboard as long as necessary to assure the ultimate success of the operation. "On some reservations," he explained, "Indians have tried, before they were ready, to run complicated industrial facilities, and they have lost their investments and their jobs."

McKay said the tribe will use the income from the plant to develop more commercial and other public facilities on the reservation.

One measure of the financial success of Devils Lake Sioux Manufacturing Corporation is the increase in the value of the firm's stock, held by Brunswick and the tribe. The stock was issued in 1974 at a par value of $100. In February 1978 vice president Richmond estimated that the stock's value was $3,700 a share.

The Indians are looking also at the other rewards of their venture. "While the plant is a force pushing Indians toward assimilating into the dominant culture," chairman McKay said, "it also can lead to programs that encourage a relearning of Indian ways and values because it enables members of the tribe to stay in the area.

"Earning money is instilling again that sense of pride that was once so common to the Sioux people."

# RURAL AND INDUSTRIAL DEVELOPMENT IN ECONOMIC DEVELOPMENT DISTRICTS

## Coastal Area Planning and Development Commission
## Brunswick, Georgia

"WITHOUT CAPDC our small towns would be devastated because they would not have the money to hire the professional staff needed to aid the economic development of the region," observed Doris Flythe, mayor of Springfield, Georgia.

She was referring to the Coastal Area Planning and Development Commission, which was established in 1964 and designated and funded as an economic development district in November 1967 by the Economic Development Administration (EDA) to serve an eight-county coastal area in southeastern Georgia.

"Since CAPDC was created, our region has taken part in Federal and State programs that have enabled it to attract industry, thus creating jobs which increase the standard of living," said Mayor Flythe, a past chairperson of CAPDC.

Georgia is divided into 18 Area Planning and Development Commissions, of which CAPDC is one. Its primary objectives are to help formulate public plans and policies to deal with local and areawide problems such as economic development, community growth, utilization of land and water resources.

According to Vernon Martin, executive director of CAPDC, "All of these are interrelated, because they help the overall economic development of the entire region. In order tc accommodate any economic development, communities must first have proper planning to govern the growth of industry and residential areas."

### EDA Funds Staff

"Because these communities do not have the funds to hire their own staff for developing and implementing these programs, they request the services of our staff," Martin said. "EDA gave CAPDC the money it needed to strengthen the capabilities of its professional staff. Needless to say, without a staff, CAPDC would have been ineffective."

The region covered by CAPDC includes 23 cities. Six of its eight counties lie adjacent to the Atlantic Ocean, and about one-quarter of the region is composed of rivers, islands, beaches, and marshes, with approximately 70 percent of the highland covered with timber. The principal resources are agriculture, forests, minerals, marine life, and vacation and recreational facilities. Of these, the most economically significant are forest timber, marine, and recreational resources.

With a current population of about 300,000, the region has historically had a rural economy. There are only three urban areas in the region that serve as centers for employment, retail trade, and social services for the surrounding Georgia counties: Savannah, which is in the northern end of the area, Brunswick, which is in the middle, and Jacksonville, Florida, which serves the southern part of the region. Employment activities in these cities greatly affect the overall economy of the area each serves.

Outside of the metropolitan areas, there is a large percentage of low-income families, generally with a low level of education. Also, there are only one or two dominant employers, resulting in both substantial underemployment and chronic unemployment.

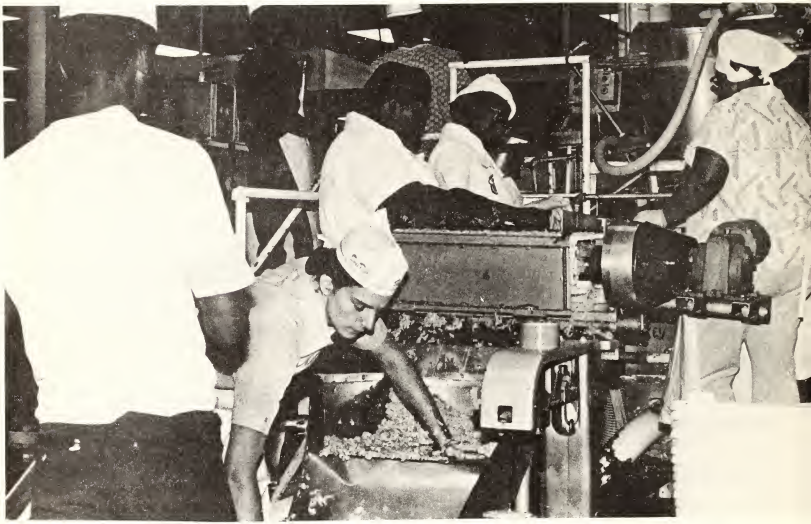
### Transportation Seen as Key

Every program that CAPDC engages in has the ultimate goal of aiding the economic development of the area. To this end, the CAPDC has been divided into four departments: economic development, planning and criminal justice, programs on aging, and tourism.

In addition to these departments and the technical assistance it gives to its members for developing and implementing local and regional development plans and policies, CAPDC has also been designated an A-95 agency. This means that it has the responsibility for reviewing local government requests for Federal program funds.

One of the earliest projects undertaken by CAPDC was its support and help in planning the multi-state transportation system that will connect southeast Georgia with the Midwest through highways, railroads, power transmission lines, and pipelines. CAPDC feels that this will bring a dramatic economic development potential to the entire area.

CAPDC helps the local governments in its eight-county region make



*JOBS FOR GEORGIANS—Two of SeaPak's three seafood processing plants are located in the Coastal Area economic-development district.*

applications for grants and loans from Federal and State agencies, and, once the applications are approved, it helps the local jurisdictions administer the programs and manage the grants. Other services include helping local communities plan for future growth, assisting in promotion of tourism, and aiding the elderly with programs on the aging.

Approximately 8 percent of CAPDC's funding comes from EDA. Financial support also comes from other Federal and State agencies, as well as the local governments in its region.

## Smaller Communities Aided

Directly responsible to the 32 constituent governments that it serves, CAPDC is directed by a 30-member board, which is appointed by elected officials in the member cities and counties. Helping the board are several citizens advisory councils and a full-time paid staff.

"Our larger communities could survive without CAPDC, but not our smaller ones because they don't have enough people or funds to get the things done that need to be done," CAPDC chairman Scott Stell said. "CAPDC helps the entire region gain funds for various programs, which helps our area's economic development."

W. Marshall Osteen, chairman of the Bryan County Commission and vice-chairman of the CAPDC board of directors, said his rural county, which has a population of about 7,000, "would be left out in the cold" without the help of CAPDC.

"We do not have the funds to have full-time county officers, administrators, or staff," Osteen said. "Because of this lack of personnel and expertise, CAPDC helps us get the Government funds that everyone is entitled to. Whenever we need money for a project, we go to CAPDC, which makes sure that we meet the Government qualifications to get the grant. We have no local staff to assist our planning commission, so CAPDC helps us in that area. It also helps us with local county problems such as setting up budgets and writing job descriptions. Anything that CAPDC does for us helps economic conditions of the county."

## Economic Development

The staff of the economic development department assists communities in planning for future development and in attracting new industries. One of CAPDC's goals is to improve the quality of life. One way to do that is to help people increase their incomes, so jobs must be created and existing jobs kept. The staff, composed of an economic/industrial developer and a human resource developer, works closely with a 30-member advisory council on economic development. It is financed through grants from EDA and the Coastal Plains Regional Commission.

Members of the staff work with local, State, and Federal governments, civic groups, and private enterprise to provide technical assistance on community and industrial development. In addition, they help secure grants and loans for business and public works development. One of these grants, the largest ever received by CAPDC, demonstrates the commission's success in helping overall economic development of the area. This grant, for $5 million, was awarded by EDA to help keep a frozen-food processing company from being liquidated.

In 1974, W. R. Grace and Co. had decided to withdraw from the domestic grocery business. This decision directly affected the firm's SeaPak Division, with two plants in CAPDC's region at St. Simons Island and Brunswick, and one plant in Brownsville, Texas.

For 18 months, Grace tried to sell the division to other commercial food companies. Some of the companies could not afford the purchase price, while others were advised they would be in violation of antitrust laws, so Grace prepared a liquidation study. At about the same time, the president of SeaPak contacted CAPDC requesting help in acquiring a grant under Title IX (Special Economic Development and Adjustment Assistance) of the Public Works and Economic Development Act of 1965.

In order to receive the $5-million grant, CAPDC formed a nonprofit corporation, the Coastal Area District Development Authority (CADDA), which is headed by an executive committee appointed by the CAPDC board. It then loaned the money to SeaPak, to be repaid over 15 years at 3.5 percent interest. One requirement of the loan was that SeaPak had to form an Employee Stock Ownership Plan (ESOP).

Another company, Rich Frozen Foods, invested $2 million in the enterprise, and a new company, Rich-SeaPak, was formed.

In addition to the EDA funds and Rich's investment, Grace loaned the new company $4 million in unsecured notes after accepting a $6-million pretax loss on the net worth of SeaPak. Thus, the total investment in Rich-SeaPak was $11 million. Repayment of the unsecured notes to Grace is contingent on the new company's making an annual pretax profit of at least $100,000. The actions by Grace will enable the ESOP to become a major stockholder (51 percent) in approximately 8 years.

## Revolving Loan Fund

As the loan that was financed from the EDA grant is repaid with interest by SeaPak, CADDA will put the money in a revolving loan fund, the first for a multicounty area in the United States.

"This will be a joint venture with local banks, lending money to 'high risk' applicants to help new industries move into the area or to keep old industries from moving out," explained the CADDA chairman, David Hornsby. "The applicants we select will have a good credit rating, but for one reason or another, such as using up their line of credit, they are unable to get a bank loan." Interest rates will be low, from 3.5 to 7 percent, he said, and loans will be for 7 to 10 years. Lending guidelines will have to be approved by EDA.

The ESOP was set up under Federal rules and regulations which require that it be run by a board of directors composed of representatives of management and employees. All of the money paid into the ESOP is contributed by the company and is based on annual profits. These contributions are made in company stock or in cash to buy company stock and are held in a trust, with the National Bank of Georgia as trustee. Annually, the company may give up to 15 percent of each person's salary to ESOP, with the number of shares granted depending on individual wages. Members do not have to pay taxes on their accounts until they receive their stock when they retire, leave the company after a certain number of years, or die.

If CAPDC had not received the grant from EDA and SeaPak had closed, more than 1,000 employees would have lost their jobs in Georgia and Texas, with a $5.2-million payroll lost to the economy of these areas. Most of the employees who would have been affected are members of minority groups and women.

## Welfare Costs Avoided

"There would have been a tremendous loss to our region if SeaPak had closed down," said former Brunswick Mayor Clyde Taylor. "SeaPak employs a lot of people who would otherwise be unemployable, because they have little education and industrial skill. Most of these working people have no reserves. If SeaPak had closed down it would have had a severe impact on the economy and a direct strain on the government, because these people would have been collecting unemployment and welfare benefits."

More than 70 percent of SeaPak's total payroll, or $3.7 million (at the time of the grant application), is in Georgia. The region would have suffered not only from this loss of direct payroll, but also from the indirect jobs created by SeaPak's existence. It is estimated that for every two persons who work at the Georgia plants, one additional job in the community has been created.

"We depend on the seafood industry in this area," said Brunswick City

Councilman and Mayor pro tem James A. Stephens. "If there is a slowdown in the industry, for example, if SeaPak had closed, then there would have been a slowdown in the region's economy. So the loan that kept SeaPak in business has also helped the economic development of our area by keeping people in their jobs and by creating new jobs."

CAPDC chairman Stell added, "We take a lot of pride in the aid CAPDC gave SeaPak to keep it from closing down. If SeaPak had shut down, our economy would have lost millions and the unemployment rate would have gone up substantially."

## Clearinghouse for Industry

"Over the last decade, one of the major projects our commission has concentrated on is to acquire Federal loan and grant funds to assist in installing the necessary water and sewage facilities that not only establish good systems for communities in the region, but also open up the construction of industrial parks," said Vernon Martin, CAPDC executive director. "As a result, in many of our communities, we have been able to develop a better atmosphere for economic growth."

CAPDC's vice-chairman, Osteen, added that the agency "acts as a clearinghouse when advising industry of available sites in the region and advising the local governments of the industries that are looking for a new location." Again, from a small county's viewpoint, he said, "all of these tasks would have been insurmountable if we had to do it alone."

In the area of human resource development, CAPDC's objective is to improve employment opportunities and living conditions for the low-income citizens of the region by improving educational opportunities and social conditions.

Some of the projects that CAPDC has worked on include helping over 100 adults and 200 youths acquire permanent and part-time jobs, providing technical assistance on housing programs to coastal-area builders, and working actively with the "Rent-A-Teen" program in Brunswick and Glynn County to provide youths with jobs during the summer months, as well as after school.

## Planning and Criminal Justice

In 1974 the Advisory Council on Planning was established to advise CAPDC on matters relating to projects and programs for development of the eight-county area. Members of the council include members and directors of local planning commissions; industrial, commercial, and residential developers; local government administrative officers; and private citizens. The staff is composed of a program director, coastal zone management planners, military impact coordinators, a criminal justice planner, a project development specialist, an A-95 coordinator, and a cartographer.

An important part of the planning program is to carry out the annual contractual obligations with the Department of Housing and Urban Development (HUD). HUD, as part of its "701" Community Assistance Program, provides financial assistance, such as grants, to aid local

*EARTHMOVERS—Chatham County officials and Coastal Area Planning and Development Commission members turned out to break ground for a waterline to serve West Chatham Industrial Park. EDA and Chatham County each put up $350,000 for the project. CAPDC Chairman L. Scott Stell, Jr., is at left. At the bulldozer controls is Chatham County Commission Chairman S. Myrick, Jr.*

governments in the region in developing and maintaining a viable planning program.

Some of the activities that CAPDC has been involved in under this program include preparing an areawide housing plan, aiding local governments as they prepare planning studies and land-use control ordinances, assisting Long County in establishing a countywide solid-waste collection system, and initiating research on permissible uses and management strategies for coastal areas. Two of the new projects undertaken in FY 1978 involve establishing a coordinated set of goals and policies that can be utilized in an areawide land-use plan and establishing a growth policy plan for Glynn County.

In the area of coastal zone management, CAPDC's planners help coordinate the eight-county program for long-range planning and development, as well as providing professional services to local governments and informing coastal residents about the program so they may have some input. To date, this has been accomplished through contractual arrangements with the Governor's Office of Planning and Budget. Because of changes at the State level, these contracts will be continued with the new lead State agency for coastal zone management, the Department of Natural Resources.

## Professional Services

The objective of the long-range planning is to produce a set of policies that will guide future coastal development. Some of the activities that have been undertaken by this program include: preparing background papers that deal with the coastal region's economy, population, industrial development, and commercial sport fisheries; researching possible boundaries, permissible uses, and management strategies; and working with the Georgia Department of Transportation to help develop a resource inventory for Glynn County and to develop a program of area highway improvements.

When providing professional services to local governments, CAPDC's main responsibility is to furnish them with continuous, comprehensive planning assistance to aid in establishing and guiding county and city planning commissions, preparing county development plans, administering zoning ordinances, reviewing proposed changes in subdivision regulations and building codes, and coordinating preparation of various Federal and State program grant applications.

A few of the professional services that CAPDC has provided these local governments include: aiding the Camden County Planning Commission in adopting general operating procedures and preparing a zoning ordinance text and maps for the county; preparing a grant application, which was subsequently approved, for local governments in Effingham County to purchase solid-waste collection equipment; and assisting in the preparation and adoption of local zoning ordinances for the cities of Rincon and Springfield.

In addition, CAPDC provides information to coastal residents concerning the interaction of economic, environmental, legal, and cultural factors of the coastal region. The citizens can then use this information to comment on proposed programs for the area.

CAPDC also has military impact coordinators who aid local governments in areas experiencing a rapid rate of growth. One example of this growth is the buildup of Ft. Stewart, the largest military construction program east of the Mississippi. The fort is located in Liberty County, and the city most affected by this growth is Hinesville, the county seat, which will double its 1970 population of approximately 6,000 by 1979.

## Economic Adjustment Grant

Through the efforts of CAPDC, the city of Hinesville received a $2.3-million EDA grant to help carry out its economic adjustment program. The problem facing city officials was the increased demand for housing and related services because of the expansion of the area's work force. Most of the money went toward enlarging the city's water and sewer systems in preparation for economic and community growth. With CAPDC assistance, the city also received an EDA local public works grant for $247,000 to construct a badly needed fire station.

"Most of the help we receive from CAPDC is in planning for our future growth," said James Floyd, a member of both the Liberty County Commission and the CAPDC board. In addition to the water and sewer and fire station grants, he said, "CAPDC helped us receive community development block grants so that we could extend our recreational system, construct a consolidated community services center, and improve our roads and sanitary landfill. Without CAPDC, we would try to do this by hiring private consultants, but we would not have enough funds to do as good a job. The staff at CAPDC has done an outstanding job for the region."

The neighboring counties of Bryan and Long also are affected by the growth at Ft. Stewart, so CAPDC helped prepare grant applications totaling $278,372 to EDA and HUD.

## Planning for Growth

Another growth area is Camden County, which will become the site of the proposed East Coast Fleet Ballistic Submarine Base at Kings Bay. Again, CAPDC aided in submitting a successful grant application for $144,000 to EDA. The Title IX grant is being used to assist local government in planning off-base facilities and services that will be needed for the increased population.

CAPDC also helps local governments obtain funds from HUD's Community Development Block Grant Program. This program helps local governments establish priorities when developing community improvement programs in such areas as water, sewer, and sidewalk improvements and neighborhood development projects. CAPDC's project

development specialist aids communities in formulating these programs and in administering grants, as well as assisting in the preparation of grant applications.

The cartographer plays an important role because map resources are a considerable tool in the land-planning process. They provide geographic information on location, density, and proximity to environmental factors. Map resources include line maps of the region, counties and cities, aerial photographs and satellite imagery.

All of the projects and programs of the advisory council on planning relate to the overall economic development of the region. For instance, without proper water and sewer systems, or good access roads, communities will be hard pressed to find an industry willing to locate in these areas. It is also essential for communities to plan for the future growth that they want.

CAPDC is aided by an advisory council on criminal justice planning and a staff criminal justice planner, who coordinates Law Enforcement Assistance Administration funds and aids the region's courts, correctional institutions, and law enforcement agencies.

One successful project involved obtaining a grant to build the first rural regional detention center in the United States. The center, located in Hinesville (Liberty County), received an award from the National Association of Counties.

## Programs on Aging

CAPDC has established a program on aging, which is concerned with the problems of the elderly. In 1973, CAPDC became the State's official area agency on aging for the coastal region. It is responsible for developing and coordinating a comprehensive services delivery system for the aged.

Most of the funds that programs on aging get are from the Administration on Aging under Title II and Title IV of the Older Americans Act. It uses this money to plan, administer, and coordinate services for older people and to operate the nutrition program this department has established. The primary goal of these programs is to provide the older person with the alternatives necessary to live as independently as possible without the threat of institutionalization.

*LIFELINE—A $2.3-million EDA grant enabled the city of Hinesville to build a new waterline to meet needs generated by the expansion of neighboring Ft. Stewart.*

There is also an advisory council on aging. Its members include elderly people, interested citizens, agency representatives, and elected officials. The staff is composed of a program director, nutrition project director, and a service-resource coordinator. This department serves as a liaison between aging programs and area communities in an effort to meet the needs of older people.

CAPDC has developed a program to help the elderly in the coastal area with problems concerning legal assistance and transportation, and has promoted activity centers, home health aides, and health screening for older people. CAPDC also established a nutrition project with the criteria of serving 357 meals each day in a seven-county area.

## Tourism

The most recent department, tourism, was established because of the negative effect of the "green tunnel," where travelers could ride from South Carolina through Georgia to Florida in under 3 hours without stopping in Georgia.

"When the first 10 miles of I-95 opened, businesses that once took in trade from travelers on Highway 17 lost 80 to 90 percent of their revenue overnight; many had to close down," said Martin. "This taught us a quick lesson that we must be prepared to deal with the problem, so the advisory council on tourism was created."

The council, which was established in 1976, has among its members business persons, elected officials, historians, chamber of commerce employees, and others interested in promoting tourism.

CAPDC formulated a development and promotional plan to help bring tourist revenue back to the coastal area. A majority of the funding to implement this plan will come from local sources. Several visitor centers already have been set up to inform travelers about historical and other interesting sites to see in Georgia, using brochures, maps, and guide books that CAPDC will help produce, and more such "welcome centers" are planned. Also, a system of signs with the new coastal Georgia logo is being developed that will direct visitors off the highway to a particular site, lodging, or restaurant and then back to the highway again. In addition, CAPDC will seek ways to develop currently undeveloped historical attractions.

## Summary

"With the growing complexity of government, the local governments in the region have not had the money to maintain the staff that is needed to conduct their business," Martin explained. "Also, they have lacked the funds to build the needed infrastructure such as proper transportation, water and sewer systems. All are essential ingredients in helping to promote the economic development of the region.

"It was believed that if all the local governments in the region could pool their resources, then they would be able to hire the people needed to solve their problems. That's why CAPDC was created. All of our programs have the ultimate goal of helping the economic development of the region."

*SEA-ORIENTED—The seafood industry makes a major contribution to the Brunswick area. If the SeaPak plants had been closed down, the entire economy of the area would have been affected.*

# BASIC COMMUNITY DEVELOPMENT IN POVERTY AREAS

## Economic Resources Corporation
## Los Angeles, California

*TRANSFORMED—Developed on the site of an old junkyard, Watts Industrial Park looks like this today. Lockheed Aircraft Corp. is located down the street.*

IN August 1965, the name "Watts" became synonymous with inner-city unrest as rioting in that Los Angeles community left 34 persons dead and scores of buildings burned to their foundations.

A shocked Nation responded. Government agencies poured millions in emergency relief funds into the community.

One Federal agency, the Commerce Department's Economic Development Administration (EDA), funded a study in 1966 to take a long-range look at the economic development potential of the area. The study recommended industrial development.

EDA followed up by designating an 18.4-square-mile area of south-central Los Angeles as a special impact area, making it eligible for all of the agency's programs and for 80-percent grants for public works projects. The area is bounded by Exposition Boulevard on the north, Figueroa Boulevard on the west, El Segundo Boulevard on the south, and Alameda Street on the east. It includes the Watts and Green Meadows communities in the city of Los Angeles and extends into the incorporated communities of Willowbrook and Florence.

The area has a population of 255,000, which is about 85 percent black, with the remainder divided about equally between Mexican-Americans and whites. It was and is plagued by high unemployment and underemployment caused by the out-migration of industrial firms and an absence of service establishments with a consequent lack of service-industry jobs. The unemployment rate in the area was high at the time of the designation, and it remains high today.

### Businessmen Establish ERC

Early in 1968, EDA invited community and business leaders to form an area economic development organization. In June of that year, a group of black and white businessmen formed the nonprofit Economic Resources Corporation (ERC) with the stated purpose of promoting economic development in the area. ERC obtained technical assistance funds from EDA to hire a professional staff and begin operations.

Almost from the beginning, ERC concentrated its efforts on the development of an industrial park to provide job opportunities for community residents. When ERC officials approached Lockheed Aircraft Corporation seeking prospects for the proposed park, they found a warm reception. Officials of that firm already were seeking ways to build plants in inner-city areas to provide jobs for hard-core, minority unemployed.

In early 1969, A. Carl Kothian, president of Lockheed, joined ERC president Richard Allen and Commerce Department officials in a Washington ceremony at which the approval of a $7.6-million Federal grant was announced to help establish the Watts Industrial Park. The funds included $3.8 million in public works grants and loans from EDA and a $3.8-million grant from funds provided to EDA by the Office of Economic Opportunity.

Lockheed also announced plans for the operation of a $2-million aircraft assembly plant as the industrial park's first tenant. At the ceremony, president Kothian said: "We at Lockheed are firmly convinced that private industry must play an enlarged role in urban redevelopment. . . . We agree that private industry has the resources and skills to make important contributions to this area. . . . We are not just putting a plant on the corner of a street. We are participating in a program to redevelop a seriously depressed community. . . . This plant will have a work force of 300 and an annual payroll of more than $2 million."

## Problems Come Early

ERC ran into early difficulties in developing Watts Industrial Park. Much of the land for the park, bordered by Alameda Street and Mona Boulevard, was covered by unsightly scrapped automobiles in a junkyard. The clearing of the junkyard area and existing structures was time consuming, and the value of the land soared as the planned industrial use was established.

Lockheed, however, selected a site in an area that was already cleared. The building was constructed with private financing, and Lockheed took a 25-year lease with an option to buy the facility from ERC. By January 1970, the 100,000-square-foot facility was completed, and Lockheed was ready to move into a new phase of its inner-city venture—the hiring and training of the hard-core unemployed.

W. F. (Bill) Schwentner, an economic development consultant in Los Angeles, was Lockheed's project manager in Watts. He later reported: "During the first 12 months the plant was successful beyond the projections of even its most optimistic supporters. Every milestone goal was either met or bettered. These included having the initial staff on hand by January 19, hiring the first group of trainees by February 2, starting the installation of tools and equipment by March 1, beginning production in the plant by March 30, shipping the first aircraft assemblies to Lockheed's home plant in Burbank by April 27, and having an annual payroll of $2 million by December 1970."

## Success Is Not Easy

Success was rapid, but it did not come easily. In the beginning, Lockheed obtained Federal funds from the Department of Labor to help with training of the area's unskilled for production jobs. Ninety percent of the employees were on welfare when hired. In the first year, 39 percent of those hired had criminal records ranging from narcotics possession to gambling, drunkenness, robbery, and cattle rustling. "Some of those with records are now among our best employees," Schwentner reported in 1975.

On the first day of recruiting for jobs in the new plant, 225 applicants were interviewed. In the first year, more than 6,000 persons applied for jobs at Lockheed. Most of the applicants were members of ethnic minorities. After 5 years of operations, all supervisory and management personnel, except for the plant manager, were black or Mexican-American. Of the plant's employees, 83.5 percent were blacks, 12.4 percent were Mexican-Americans, and 4.1 percent were Puerto Ricans, South Americans, Indians, Japanese-Americans, or Caucasians.

"We went into Watts just as we would have gone into Burbank or Glendale," Schwentner stated. "We did not go into there to do make-work on simple products. We were

*BEFORE—The future site of the Watts Industrial Park looked like this following the 1965 riots that focused attention on economic conditions in the Watts section of Los Angeles.*

making sophisticated parts for the L-1011 aircraft, and we were training people for skilled jobs."

## Expectations Exceeded

Once trained, he said, "our people took to production like ducks to water. Their native mechanical skills, upgraded by their initial 12 weeks of vestibule training, improved with each day of on-the-job training in production."

The result exceeded all of Lockheed's expectations. Using a standard company-wide measurement of production for a 40-hour week, the company allowed an "inefficiency subsidy" for the new plant in Watts. By the end of its first year, Watts had returned more than 10,000 man-hours of its labor budget to the Burbank plant, and by the third year another 115,000 hours were returned.

"In spite of this reduction in budget," Schwentner reported, "weekly performance consistently exceeded 100 percent of the entire first 5 years. During this period, the plant led all other plants engaged in the L-1011 production program in standard hours produced 'per 40-hour man.'

"The main thing our workers showed was pride in accomplishment. In the first year, we had a flood of suggestions for methods improvements. These savings totaled $223,000. Ideas and improvements continued to snowball during the next 4 years, until the 5-year total reached $1.9 million, which ranks among the highest per capita savings at any Lockheed plant."

The road has not been all easy for the Lockheed Watts plant, however. In 1971, Rolls-Royce Ltd., the engine supplier for the L-1011 jetliner, fell into receivership, forcing a virtual shutdown of production on the aircraft. Lockheed laid off 6,500 workers at Burbank and Palmdale and considered closing the Watts plant. To avoid a complete shock to the community, it was decided to keep the plant open with at least a minimum work force. Schwentner assembled his 243 employees to describe the situation. Only 60 were to be kept on the rolls. The Watts people accepted the situation gracefully. Schwentner said one employee stated: "You picked me up off the street. I never had anything before. Then I was able to look up—to have some dignity."

## Mini-Park Established

Within a year the firm was able to recall most of the employees and the payroll was back up to 170. The 1974-75 recession also hit the company and more layoffs followed. By December 1977, however, there were approximately 140 full-time employees at the plant.

While Lockheed stood alone in the park for the first 2 years, ERC was in the process of clearing land and starting construction on tilt-up concrete buildings. The plan was to develop a "mini" industrial park with minority businesses as tenants. Also to be constructed was a day-care center to provide a vital service if mothers, and in some cases, fathers, were to have the opportunity of working in the development.

The ERC staff has spent much time working with fledgling entrepreneurs in the mini-park. H. David Crowther, director of public relations for Lockheed, said his firm hoped to convince the Nation's largest manufacturers to establish plants in Watts or similar parks. Despite their own success, however, Lockheed officials were unable to convince others, and Crowther said, "Figuratively, I was thrown out of board rooms from coast to coast." He added that the "Mom and Pop operations and new businesses started in Watts were doomed to failure at the outset."

In many cases the facts bear him out. A number of the smaller operations in the mini-park have failed, and the three largest operations in the park, other than Lockheed, have gone out of business or have reorganized. ERC has persisted, however, and replacements have been found for the larger establishments, as well as for the small businesses in the mini-park.

Albert E. Hampton, executive vice president of ERC, reported in September 1978 that the Watts Industrial Park was 97 percent occupied and looking to the construction of a building totaling another 100,000 square feet for six prospective tenants. He said that ERC was negotiating with a tenant for one additional site on which a building will be erected.

## Fireplace Maker Is Growing

One company that ran into difficulties after locating in the park with the aid of an EDA loan was the Dyna Manufacturing Corporation, a subsidiary of the Familian Corporation. It manufactured fireplace accessories, stovehoods, and fiberglass products. Employment reached 600 by mid-1974. But then business dropped off and Familian decided to divest itself of the subsidiary. Dyna sold out in 1976 to MARCO, a new firm manufacturing zero-clearance fireplaces.

MARCO is an acronym standing for Michael A. Ricci Company. In December 1977, Ricci reported that his firm had 165 employees, mostly semi-skilled laborers, producing 4,000 fireplaces a month for a rapidly expanding market. Already operating with two shifts and a third shift in the equipment and fabrication area, his firm has been constantly expanding, and he said he expects to produce 10,000 units a month eventually.

Workers at the plant average $4.35 an hour. Most are members of the International Brotherhood of Electrical Workers. "We do a lot of training," Ricci said. "And we train employees to do more than one job. We screen very carefully in the first 30 days, and if a person isn't dependable or can't produce, we fill the position with someone who can. We have instilled the need for productivity in our permanent employees, and they help us screen out those who do not produce."

## Workers Praise Jobs

Ricci was borne out by Pete Sanchez, a 23-year-old Mexican-American working in the plant. Sanchez, who is attending school under the GI bill and plans to be a printer, said the job is making it possible for him to continue his education.

Another worker at MARCO is 22-year-old Henry Thomas, a black who lives on 113th Street within walking distance of the plant. Thomas went to work at MARCO in the summer of 1977. "It was a fine change for me," he said. "I was living pretty rough at the time. I walked the streets for about 7 months looking for a job. I didn't want to accept just anything. I wanted a meaningful job. Then one day I walked into this place, and I've been working ever since. I moved from my parents' home about 2 months ago. Now I am supporting my own young daughter. I have got my life together."

C. Robert Kemp, then president of ERC, said in a December 1977 interview that Thomas' story is typical of many of the workers in Watts Industrial Park. "When Lockheed opened its plant," he explained, "most of the workers were receiving a living wage for the first time in their lives. Most of them lived within 2 miles of the plant and walked to work. Within 2 years, most of those employees had purchased cars and moved to more desirable and more distant housing. So the concept was succeeding. We were putting people in the community into the mainstream."

## Variety in Mini-Park

A similar situation exists, Kemp noted, with employees in the mini-complex, now 97 percent occupied with 27 tenants, despite a continuing turnover in small firms. The wide variety of businesses includes a small chemical product manufacturer, a career development center, a construction company, a maker of fiberglass carts and mobile home accessories, a carpet manufacturer, and several distributing firms.

Beco Chemical, headed by Sergio Quinones, is typical of the mini-park tenants. Beco employs 15 persons in the manufacture of cosmetics, household cleansers, and vitamins. "I was one of the first tenants of the Watts Park," Quinones said. "There is a good labor market in this area. We can train people for our work, so the fact that they are unskilled does not bother us. Some of our good production workers can barely read and write."

*DEVELOPING SKILLS—Employees and supervisors in the Lockheed Aircraft Corp. plant in Watts have raised productivity to the highest in the firm's three facilities building the L-1011 aircraft.*

He said Beco now has manufacturing and warehousing facilities in two buildings and is looking to expand and combine both in a new building to be erected in the park. Quinones is working with the U.S. Department of Commerce to expand his foreign exports. "We presently are doing some business with Chile," he explained, "and we think there is a much larger market for us abroad."

In the past, because of the location of the Watts Industrial Park, ERC ran into some difficulty in working with various communities in the area. While the park serves the Watts-Willowbrook area and is adjacent to the city of Los Angeles, it is actually situated in Los Angeles County and in the cities of Lynwood and Compton.

The city of Compton's Career Development Center has a staff of five offering training, education, and placement of inner-city unemployed. Executive Director Sam Matthews said that the center concentrates on finding jobs for its students and usually has several employers lined up to take the trainees. Compton funds the center through a Department of Labor program.

Matthews said that the ERC "was a very broad concept, a very feasible concept. I'd like to see it become more involved with small businessmen and put more effort into financing small businesses, particularly minority small businesses."

## Minority Businesses Assisted

In fact, Kemp pointed out, ERC did put considerable emphasis on management help for small businesses over a period of several years. The management assistance was funded by the Commerce Department's Office of Minority Business Enterprise with a series of grants, now terminated. In addition, ERC is involved in comprehensive economic planning for south central Los Angeles.

During 1978, ERC has expanded its planning role as the Overall Economic Development Program (OEDP) committee for the Los Angeles Special Impact Area. EDA, which continues to support the ERC staff through technical assistance grants, accepted ERC as the OEDP committee to meet the terms of the Public Works and Economic Development Act for designation.

In working with local communities, ERC has direct contact with the city of Los Angeles through Frederick A. Schnell, chairman of the ERC board of directors. Schnell, former senior vice president for western operations for Prudential, is now executive consultant for economic development for the city of Los Angeles.

In May 1978, President Carter appointed Kemp executive director of the Federal Government's Interagency Council for Minority Business Enterprise.

Melvin Rice, former planning director for the city of Lynwood and presently a deputy supervisor for Los Angeles County, said, "We have had some political problems because ERC would have the mayor of Los Angeles announcing the opening of new buildings when the park was actually in Lynwood and Compton. They have changed that. Now the officials of all the communities are invited."

Discussing ERC, Rice added, "Obviously, ERC has great potential in this particular area because no

*WHILE MOTHERS WORK— A highly popular aspect of Watts Industrial Park is the child-care program serving the Watts community.*

one is coming into this area without redevelopment assistance. I am impressed with ERC. This is an organization that has accepted Federal dollars, and they have built something. You can see what they are doing, and you can see the jobs they have created."

Former ERC president Kemp agreed with Rice's assessment of the organization's potential. "The outlook is considerably brighter for Watts Industrial Park and ERC," he said. "It's our opinion that the park is well on its way to completion. All buildings are occupied and we are negotiating with tenants for other parcels of land."

In July 1978, there were 30 business firms in the 550,000 square feet of buildings in the park, not counting the ERC headquarters and the child-care center in the Community Services Building. They provided 775 direct jobs and an additional 600 jobs for community residents. The estimated $6.6-million payroll resulted in $1.6 million in annual tax revenues to Federal, State, and local governments, and a welfare saving of $1.2 million a year.

Kemp said that, although ERC still needs administrative support from EDA, the industrial park has reached the break-even point. "We envision that revenues generated from the park in the future will pay our debt service and provide funds for ERC operation."

He also is convinced that the experience of the Watts park will result in the development of other similar industrial sites in south-central Los Angeles. In fact, ERC in mid-1978 was reviewing potential sites for projects that would use the same concept.

That would bring the whole effort to fruition, because the theory behind the program when it was started was that it could demonstrate the viability of industrial development in inner cities, despite the obvious handicaps.

# SMALLTOWN ECONOMIC RESURGENCE

## Mid-America Industrial District
## Pryor, Oklahoma

UNLIKE so many other small towns in the heart of America, Pryor, Oklahoma, is not withering away. Pryor's downtown business district on a weekday afternoon is as busy as most small towns during the Saturday shopping rush. There's an air of prosperity everywhere. The people move with purpose, and there are new houses and schools being built on the outskirts of the town.

Pryor, population 8,500, is a small town in definition only. Actually, it is a boomtown. But unlike other booms it has known, this one promises to last.

The reasons for the upsurge in Pryor's economy are not apparent at first. U.S. Highway 69, the old main route from Kansas City to Dallas, is still a two-lane highway. Tulsa, 40 miles to the southwest, is still growing, but the spin-off effect is minimal at that distance. Fishing in the nearby system of giant reservoirs is too seasonal to explain what is happening in Pryor.

The answer is found in the new Pryor Area Chamber of Commerce offices. Referring to the huge industrial park 5 miles south, executive director Dwight T. "Tom" Hoxie said, "I can tell you that the Mid-America Industrial District (MAID) is making Pryor into a major city."

*ONE THOUSAND PLUS—Thirteen plants located in this portion of the Mid-America Industrial District (MAID) at Pryor, Okla., employ a total of 1,100 persons. MAID was converted from military use, with assistance from the Economic Development Administration, by the Oklahoma Ordnance Works Authority.*

### MAID Is the Answer

"Thanks to MAID we're expanding all of the city's services even though we are a tax-free city," he added. "That is, we cannot levy anything more than our 2-percent sales tax (1 percent for the general fund and 1 percent for roads and sewers). . . . It's the influx of working people from MAID that makes the town hum. If it wasn't for the industrial park, this would be nothing more than a sleepy country town, going nowhere and not caring either."

Hoxie further explained the significance of the Mid-America Industrial District, which was launched by an Economic Development Administration (EDA) grant and loan in the 1960's. "If you looked at the statistics, you would think we've had nothing but steady growth here for more than 75 years. But, that's not the case."

The decennial census figures cited by Hoxie, including the first unofficial head count, were as follows:

| | |
|---|---|
| 1901 | 495 |
| 1910 | 1,798 |
| 1920 | 1,767 |
| 1930 | 1,828 |
| 1940 | 2,501 |
| 1950 | 4,486 |
| 1960 | 6,476 |
| 1970 | 7,650 |
| 1977 (est.) | 8,500 |

## Bust Follows War Boom

What the figures don't show is that by the late 1930's, Pryor was suffering. After years of drought, the famed Okie migration to California was underway. Farming, even in the best of times, had never been easy or profitable in the hard soil on the western edge of the Ozarks. Then, the Government's decision to build a major ordnance facility to produce munitions in 1938 revived the local economy.

By 1942, with the powder plant in full production, Pryor was a true boomtown jammed with more than 15,000 people. The Katy Line (the Missouri-Kansas & Texas Railroad) even ran special commuter trains from Kansas to meet the labor needs. In 1945, at the end of World War II, the plant was decommissioned and 12,000 workers were laid off. Most moved on, but some stayed. The census figures, completely overlooking the mid-decade boom and bust, indicated a solid growth since 1940.

Then came the new Will Rogers Turnpike south to Tulsa, which stole most of the traffic away from old U.S. Highway 69 through Pryor. Again, it appeared that Pryor was done for, but not to the local leadership. A group of businessmen recognized the potential of the idle ordnance plant to the area economy. Led by Gene Redden, now administrator of the Mid-America Industrial District, they virtually "camped out in Washington," seeking release of the Government property. In 1958 it was declared surplus property and for sale.

The birth of the Mid-America Industrial District and the rebirth of Pryor began at that time.

## State Provides Legislation

Although the site and its buildings were for sale, the purchase was not easy. To acquire the property in 1961, the Oklahoma State legislature passed a special law creating a trust known as the Oklahoma Ordnance Works Authority, with the State as the beneficiary. The law specifically called for the new trust to "continue its negotiations with the General Services Administration and complete the acquisition of said property for the use and benefit of the people of Oklahoma." In that year, the State legislature created a number of other public trusts to attract outside capital into the State through the issuance of industrial revenue bonds.

The new legislation was only the culmination of a program that had begun in the 1950's when the State leadership established the Oklahoma Department of Industrial Development to halt the exodus of workers from the State. Oklahoma had lost 150,000 people since 1940, including 68 percent of its agricultural workers. A second step was the creation of an Oklahoma Finance Authority which could loan up to $1 million to new and expanding industries in the State.

Thanks to the supercharged boom atmosphere that prevailed throughout the State in the early 1960's, the new Oklahoma Ordnance Works Authority was able to borrow the $1.7-million purchase price of the 10,500-acre MAID site from a Tulsa bank.

Redden, who was given a lifetime appointment to administer the trust, recalled the early days immediately after the acquisition: "The site was littered with debris and buildings were unusable. The only operating facility on the entire property was the Grand River Dam Authority's water and sewage treatment plants. To pay off the loan, we salvaged whatever usable equipment that remained. In fact, we were so poor that we had to arrange a scrap sale to cover the first payroll. We couldn't afford to bring in an outside salvage firm to clean up the site. We started a pay-as-you-go operation using our own people. We razed 700 buildings. It took us 30 months to do the job, but it cost about one-third of what an outside contracting firm bid to do it."

## Federal Aid Obtained

As the cleanup wound down in 1963, the trust applied to the Area Redevelopment Administration, predecessor to EDA, for a $30,500 study to determine the feasibility of converting the site into an industrial park. The resulting study indicated the conditions were favorable.

By 1965, the fledgling Mid-America Industrial District had attracted two new plants to the site. Combined, the two had a total work force of 85.

Immediately after the enactment of the Public Works and Economic Development Act of 1965, MAID applied to EDA for a combined grant and loan. Looking back to that time, Jack Hardy, then editor of the Pryor Times, reminisced, "A lot of the people around here didn't think they would make it. One of the first plants had financial problems. The whole county was slipping. Why should industry want to move here, they were wondering. Of course, it turned out to be a bonanza for the area."

In 1966 and 1967, MAID received $1,461,000 in funding from EDA. The funding consisted of $984,000 in direct grants and loans totaling $477,000 at 4 1/8 percent interest for 40 years. The money was earmarked for basic site preparation; i.e., further site clearing, new roadways, repair of existing roads, extension and rehabilitation of the water, sewer system and storm drains.

## Projections Far Exceeded

At the time of the grant application, MAID estimated that the improvements would attract 15 new firms, employing a total of approximately 150 people, to the park. It also expected the two existing employers to add another 50 or more people to their payrolls. The numbers by themselves may not seem great, but the Oklahoma Department of Industrial Development estimated that the projected 200 new employees would mean the following to the area:

- 702 more people, equalling 194 new families with 158 school children;
- 136 new jobs in nonmanufacturing work;
- $980,000 in new bank deposits;
- $2,072,000 in new personal income, most of which would be spent in the immediate area.

The project was completed in the fall of 1968. While the work was underway, four firms moved into the new park complex.

By the fall of 1977, the park's growth had far exceeded the original expectations. Located on its sites were 34 firms with a total capital investment exceeding $200 million and combined employment of more than 3,000, including an estimated 500 American Indians.

The park had been so successful, particularly in attracting heavy industry, that MAID—with EDA assistance—undertook a major expansion of water and sewer facilities and industrial roads to meet the anticipated future demand. EDA grants totaling $480,000 in 1976 and 1977 provided 80 percent of the cost, with MAID funds paying the other 20 percent. The $600,000 expansion project was nearly completed by the end of 1978.

## Industry-Residential Mix

Redden is rightfully proud of what has been accomplished at Mid-America, but he also gives a large amount of credit to the EDA funding: "The EDA grant and loan speeded the entire development process by a good 5 years. They put down only two rules that we had to follow. First, we would have to bear any cost overruns ourselves. Second, we had to stick to the master plan. This gave us the latitude necessary to make this type of park a success."

Today, in keeping with the original master plan, the park is divided into four distinct complexes—heavy, light-heavy, and light manufacturing and warehousing. The distinctions are made on the basis of water and power requirements. Of the 9,500 acres originally designated for the industrial park, 1,000 acres were sold in 1977 to the Grand River Dam Authority. Another 4,000 to 4,200 acres—roughly one-half of the remaining park area—were designated as prime land for industrial sites, to be developed first. One-half of this preferred industrial area has been completely improved with potable and production water systems, power supply, roads and hard-surfaced streets, an effluent-gathering system, 60 acres of treating ponds, and three deep-injection wells for the disposal of toxic wastes and water.

From the beginning, 1,000 acres of the ordnance works site were designated in MAID's master plan for residential development. Redden said this land was sold in the early 1970's, and by mid-1978, residential developers had built about 250 choice homes there on 1- and 2-acre tracts.

## Coal Supplies Energy

Although the industrial park is located on the Grand Neosho River, it draws its water from two nearby manmade lakes covering a total of 77,000 acres—Lake of the Cherokees and Hudson Lake. From these two sources, the park can deliver up to 150 million gallons of water per day and filter and treat another 24 million gallons a day. In addition, it has elevated storage and a reservoir holding 26 million gallons in reserve.

For power, the Oklahoma Natural Gas Company maintains an 18-inch high-pressure gas line into the area. The Grand River Dam Authority, which serves the park, maintains an installed capacity of 515,000 kilowatts of hydroelectric power that is sold at the lowest rate in the United States, outside of the Pacific Northwest. To keep pace with the growing demand in northeast Oklahoma, the dam authority is now building a 490-megawatt coal-powered generating plant on the land purchased from MAID in 1977. Coal for the $421-million plant, to be completed in mid-1981, will be brought in by rail from the deposits nearby to the northeast. In time it expects to tie in with a proposed coal slurry line running from Wyoming to Arkansas.

Despite these basic physical assets, the park is not too different from many other parks in Oklahoma or the Nation. Yet its success far outstrips most of those in rural small-town locations.

## Balanced Growth Is Objective

A great part of its success can be attributed to Redden and his small full-time staff of professionals. The staff includes Sanders Mitchell, Redden's assistant, who came from the Ozarks Regional Commission where he was responsible for liaison with the State of Oklahoma, plus three other administrative people and two grounds and maintenance employees. For FY 1977, the full-time payroll was slightly over $116,000.

Two key elements in Redden's philosophy guide the staff in its daily activities. Quoting Redden:

1. "We operate on the basis that business wants and needs to make a profit, and we will do everything legally within our power to help them achieve that end," and

2. "We want balanced growth. We want to maintain a balance between the industrial district's growth and the growth of the nearby communities. Big, fast growth is detrimental to everyone."

As a result of this attitude, the industry-recruiting process follows a rifle-shot approach. Individual companies are selected with the care that a stock market analyst would use to pick a company for investment.

"We want to keep the right type of mix within our complex, and we only want companies who will profit by being part of MAID," Redden explained. Some in the area say that Redden can take this low-key approach because of his lifetime appointment, whereas other industrial park managers are forced to generate headlines for self-protection and advancement. Others say that Redden's style is a result of his own experience as a top executive with a major manufacturer of building products and the tempering effect of his first years in running MAID. Either way it seems to be effective.

When talking to a prospective new firm, MAID officials emphasize the location. MAID is equidistant from New York City and Los Angeles, St. Louis and Houston. Stress is put on the fact that overnight deliveries can be made to Denver to the west, Dallas-Ft. Worth to the south, Kansas City and St. Louis to the north, and Little Rock and Memphis to the east.

Along with location, MAID promotes its transportation facilities. The Pryor Municipal Airport, with a lighted 4,000-foot runway and 24-hour fixed-base operators, is on the south side of the park. And the Tulsa International Airport, served by six major scheduled airlines, is only 40 miles west. The Missouri-Kansas & Texas (Katy) Railroad main line runs daily service along the west boundary of the park and offers nearby interchange service with other major railroads. A trucking terminal is also located on the grounds, and transfer charges between MAID and Tulsa are waived. Furthermore, barge shipping down the McClellan-Kerr Arkansas River Navigation System is available at the Port of Catoosa, 30 miles away on the Verdigris River. Six years after it opened in 1970, the navigation system connecting the region with the Mississippi River waterway was carrying more than 7 million tons of freight annually. EDA provided the town of Catoosa $296,000 to help build water and sewer facilities to accommodate port-related growth, and the City of Tulsa — Rogers County Port Authority $573,000 to help build industrial roads and rail lines for the Port of Catoosa. With water transportation increasing in importance, a master plan for the area now calls for the eventual construction of a barge canal that will front on the MAID property, providing another major plus for future growth.

## Tax Exemptions Are Vital

Recreational opportunities in the northeast Oklahoma region—often locally referred to as Green Country—are also stressed. The network of man-made reservoirs that lace the area make it a fisherman's haven. Hunting is also excellent.

But, in keeping with Redden's first tenet of helping businesses operate profitably, the real clinchers come in the form of loans and tax exemptions. Lessees at the MAID facility are exempt from personal property and real estate assessments. As a result, they pay no ad valorem taxes. Sales taxes are a comparatively low 2 percent, and equipment and inventories of goods and materials used in the manufacturing process are not taxed. Unemployment compensation taxes are substantially lower than the national average.

To help companies expand their facilities at the park or build new ones, the trust is entitled to make loan commitments at generally lower than market interest rates. These loans, both short- and long-term, are generally secured by land, plant, equipment, and assignment of rentals, individually or in combination. At the end of FY 1977, MAID had $19.6 million outstanding in loans to tenants. Despite the cost of its own debt service, MAID was able to show an excess of revenues over expenses of more than a million dollars.

As administrator, Gene Redden said these financing and tax advantages "give business the needed room to breathe when they are starting up or expanding. After all, the plants at MAID are generating a local payroll of $32 million."

## Looking Ahead to Growth

What about the future? Redden talks about the community and industrial park together when he answers. He wants to sustain an average growth of 350 new jobs a year plus an additional $30 million a year in new capital investment. However, he worries about the ability of the neighboring communities to keep up with economic expansion. For instance, he mentions a need for at least 200 apartment units in the area—"a place where families can live comfortably before buying."

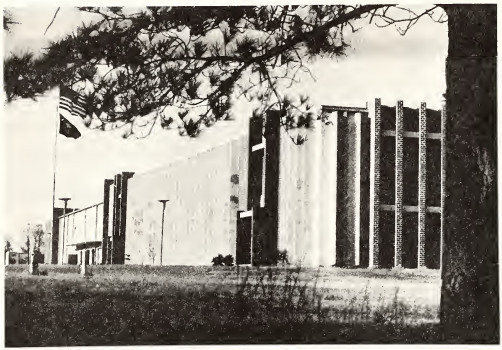
And, as he tours the area, Redden talks of other concerns—about bringing in more plants, for example, that will create employment opportunities for women. The LaBarge, Inc., electronics assembly plant, completed early in 1978, employs about 100 persons, 80 percent of them women, and ultimately is expected to provide jobs for at least 200 women. In addition, the 150 employees at another new plant to be built at MAID, a 300-square-foot tissue paper converting facility for the APL Corporation, will include 120 to 135 women, Redden said. The plant, which will be started in the fall of 1978 and should be completed by mid-1979, will take tissue paper produced from recycled paper at another APL plant and refine it into facial and toilet tissue and paper towels.

Redden also speaks about the need for vocational training. He has built classroom facilities at the park that have been used extensively in the past, and he currently serves as an advisor to a nearby State-supported vocational school.

Seated in his office, Redden mused, "I'd like to see at least 5,000 people working at Mid-America." Considering how far MAID has come in so short a time, that goal may be reached in the not far distant future.

# RURAL OUTMIGRATION

## Santee-Lynches Council for Governments
## Sumter, South Carolina



*WORKER TRAINING—The Industrial Technology Building at the Sumter Area Technical Education Center was constructed with the help of a $500,000 grant from the Economic Development Administration.*

ESTABLISHED in 1971 under legislative authority granted by the State General Assembly, the Santee-Lynches Council for Governments has had a major role in reversing outmigration from some of South Carolina's poorest rural counties.

Santee-Lynches, which encompasses four counties—Lee, Clarendon, Kershaw, and Sumter—and 2,458 square miles of land in the State's upper coastal plain, is one of 10 Economic Development Districts in South Carolina.

As part of the council's program, project grant assistance from the Economic Development Administration (EDA) has provided the area with water and sewer systems vital in attracting needed industry. Grants for educational facilities, industrial parks, technical assistance, and basic public facilities also have been awarded.

"All these have been based upon planning work undertaken with EDA monies," said William S. Millet, executive director of the council. "All have been aimed to one degree or another toward addressing that gut issue of outmigration."

The first planning and development districts were established through EDA under provisions of the Public Works and Economic Development Act of 1965. Recognizing the distinctive problems of each region, the general assembly in the late 1960's adopted legislation that permitted local governments to join the statewide network of development districts but did not require them to do so. By 1971, when Santee-Lynches was formed, all 46 counties in South Carolina were voluntary participants in one of the State's 10 councils.

### Local Governments Responsible

In concept, the districts were to be extensions of local government. The law gave member counties considerable leeway for organizational structure and planning, so that each council could develop its own particular set of priorities, programs, and funding sources.

"One of the most valuable resources we had at the outset was the fact that local leaders were aware of their problems and were waiting to see what could be done at the Federal and State levels," Millet said.

Originally known as the Santee-Wateree Regional Council, the organization's name was changed in early 1978 to the Santee-Lynches Council for Governments—Santee-Lynches after the Santee Lakes along the district's western boundary and the Lynches River along the eastern boundary, and Council for Governments to reflect the fact that the council was started by the local governments in the area and is responsible to them. Assistant Director Charles Helsel said the council's new name more accurately describes both its role and the area it serves.

Among the first administrative grants received by the council was $31,000 from EDA in 1972, augmented by $10,000 in local funds. That amount has increased over the years. For Fiscal Year 1978, the council was awarded an EDA planning grant for $50,000, plus a one-time $20,000 grant for a special public administrative assistance

program. EDA's total investment in Santee-Lynches for planning and related activities over a 7-year period has been about $320,000.

EDA has been the sole Federal agency providing funding for A-95 project review, a clearinghouse system for all grant applications from the area. The A-95 system was created to achieve intergovernmental coordination among the vast numbers of Federal programs and State, regional, and local government activities.

## Program's Range Is Wide

Santee-Lynches is involved in a wide range of projects and programs, including economic development, physical facility planning, public safety, recreation, historic preservation, and environmental planning. In all these fields, the council is a service arm to its governments, helping to bring coordinated local, State, and Federal action to bear on important issues.

Policy decisions of the Santee-Lynches Council for Governments are the responsibility of a 24-member board of directors, made up of representatives appointed by participating units of government on the basis of population. Sixteen members are elected officials, which insures a close coordination of regional efforts with local priorities.

A major component of the organization's structure is an advisory committee system, functioning in each area of the council's programmatic involvement. Each group is chaired by a board member, and includes 15 to 20 people, representing various segments of the region.

When the Santee-Wateree Council was organized in 1971, the basic problems facing the area were evident. Of the 46 counties within the State, Santee-Wateree had two of the poorest three in terms of per capita income, Lee and Clarendon Counties. Five South Carolina counties had experienced population losses greater than 10 percent from 1960 to 1970, and Lee and Clarendon were two of them.

## Mechanization Cost Jobs

Outmigration had been a continuing trend in the region since the turn of the century. As in many rural areas of the South, the mechanization of agriculture resulted in a sharp decline in employment opportunities in the district's counties. No mining resources exist in the area, and manufacturing and industry had failed to provide opportunities sufficient to offset losses in agricultural employment.

From 1910 to 1970, Clarendon County experienced a population decline of 20.5 percent; Lee County lost 27.6 percent. Although Kershaw and Sumter, the wealthier, more urbanized counties in the region, had experienced some overall growth, they also had lost rural residents through outmigration.

Said Millet, "As one of its first orders of business, the board of the Santee-Wateree Regional Council defined a basic framework for the organization's operations then and now."

At the top of the council's list of priorities was the following objective:

> To develop strategies and to undertake programs and projects aimed specifically at reducing and then reversing the population outmigration that has characterized much of this area.

This remains the cornerstone of the Santee-Lynches Council's activities today.

## Outmigration Reversed

Statistics give some indication of the council's success. Studies by the U.S. Bureau of the Census and the Bureau of Statistics of the South Carolina Budget and Control Board show that outmigration has indeed been stopped and reversed in the two rural counties within the past 7 years.

From 1971 through 1976, Lee County, which had lost more than one-fourth of its population during the previous six decades, showed a gain of 2.9 percent. Clarendon County, which had lost one-fifth of its population, gained 5.8 percent.

For the 60-year period preceding the Santee-Lynches Council for Governments' beginnings, the four-county area as a whole had increased its population by a modest 35,007, or 22.1 percent. The rate for the entire State was almost twice this percentage.

The cities where manufacturing and industry thrived were located in Kershaw and Sumter counties. According to statistics, Kershaw County had gained 21.9 percent in population between 1910 and 1970. Sumter County had increased its population by 51.6 percent.

For this reason, the major cities of these two counties, Camden and Sumter, were designated by EDA as growth centers for what is now the Santee-Lynches Economic Development District. The counties also experienced growth after the council's beginning. Kershaw County's population rose by 3.4 percent between 1971 and 1976, and Sumter County gained 1.2 percent.

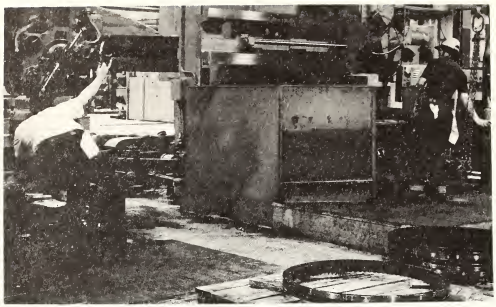
"At the outset, it should be stated that there is no way to establish scientifically a direct cause and effect relationship between such activities as the EDA investment program and the end of the outmigration pattern," Helsel explained.

## EDA Funding Flexible

"In such a complex socioeconomic matter, there simply is no single cause that results in the reversal," he said. "On the basis of conversations with local government officials, an analysis of the impact of the projects funded, and an investigation of the population figures themselves, it is evident that the Santee-Lynches program as established by its board has been a crucial factor in this reversal."

In order to evaluate properly the impact of EDA in this region, it is necessary to look at the planning funds received in the context of the Santee-Lynches budget. For Fiscal Year 1978, the council's revenues total approximately $315,000.

Federal funds from various sources constitute 70 percent of that figure,



*HEAVY INDUSTRY—The Keene Corp. has located in the Sumter area industrial park at Sumter, S.C. The park was developed with EDA assistance.*

State funds 10 percent, and local contributions 20 percent. In addition to EDA, there are 10 other Federal funding agencies.

"With absolutely no doubt, EDA dollars are the most flexible and wide-ranging that this agency receives," Millet said. "Most other grants are given with conditions that place strict limitations on which types of activities they will support.

"Such has not been the case with EDA. So long as the planning efforts relate to general economic betterment, those efforts can legitimately be charged to the EDA program."

Perhaps the impact of EDA grant assistance can best be assessed by viewing tangible results within the four counties and their municipalities, and from the perspective of local leaders themselves.

## Lee County Assisted

One area of EDA's involvement is a technical assistance pool offered through the council's staff. In areas where local government had lost revenue backing, due to population loss and low tax bases, this program has proven invaluable. Through technical assistance, developmental strategies have been formulated to counter the effects of outmigration.

A notable example is the Lee County capital improvements program. This was the first effort of its kind in the county, where the population had dropped to 17,000.

Modern governmental management techniques were necessary to provide facilities and services demanded by citizens. The lack of such basics had been cited as a major reason for Lee County's outmigration pattern. Through a technical assistance study, badly needed facilities were identified and a capital improvements program was recommended for implementation within 5 years.

Another Lee County technical assistance project is the James Site industrial park plan. Responding to the critical need for industrial development in the area, Lee County officials purchased the 164-acre James Site for a planned industrial park in 1972.

Through EDA, the county obtained a $2,500 grant for professional planning of the park. Lee County officials are continuing their strenuous efforts to develop the site.

A number of studies have also been undertaken in Clarendon County through EDA technical assistance funding. In the early 1970's, the development potential of some 40 industrial sites was investigated for the county commission, following the opening of Interstate Highway 95 in that area.

In early 1978, the newly created Clarendon County Industrial Development Board completed a $3,000 project, which updated the earlier inventory of industrial development resources available throughout the county and recommended a program of action to the board. One result of the second project was the board's decision to hire a full-time professional to direct Clarendon County's industrial development program.

The push for industrial development also has reached down to some of the district's smaller communities. In Sumter County, the town of Pinewood (population 687), though extremely limited in financial capacity, is vigorously pursuing the completion of projects recommended by a technical assistance study to make the community attractive to industry.

Another technical assistance study in Sumter County investigated needs of the Sumter area industrial park and formulated a multi-year program of improvements.

## Local Costs Stable

Municipalities pay 36 cents per capita for the services of the Santee-Lynches Council for Governments, the same rate they paid in 1971, when the organization began.

Hugh Jeffords, board member and Mayor of Bishopville in Lee County, said his town pays the council $1,225 a year for services which would amount to $3,015 elsewhere. "We couldn't function worth a hoot without the council, and I don't think the other towns and counties around here could either. We're not equipped to hire the staff to do the paperwork that's needed, and the Santee-Lynches staff gives us access to services we couldn't have otherwise," Jeffords said. "This is a way for the government to give taxes back to towns that have a dire need of the money."

The Santee-Lynches District utilized the EDA business loan program to develop a warp-knitting and

finishing plant, A-Q Mills, in Lynchburg, a small rural community in Lee County with high unemployment and low family income. The Lynchburg Development Corporation additionally promised A-Q Mills adequate sewer and water services in order to bring in a large plant with a need for unskilled workers who could be trained after a few days on the job.

With the help of a previous EDA grant of $454,000, Lynchburg was provided with an adequate water system and is now on its way to becoming an industrial center. A-Q Mills had 75 employees as of 1978 and occupied 50 acres of a 100-acre industrial park.

## Low-Income Workers Helped

Palmetto Textile has also located in an abandoned school in the town because of the new water system. It presently employs 40 people from the Lynchburg area.

Bill Hodge, mayor of Sumter and a member of the board, said of the council, "In working with the Santee-Lynches staff, I have seen an attitude of sincerely wanting to help, and they have been extremely helpful. I have been involved in local government here for 20 years, and Bill Millet and his staff know more about the needs of this area than I do.

"Water and sewer are very costly services for these communities and are needed very badly. Through EDA, they are able to provide the services they could not otherwise afford," the mayor said.

"I have seen very positive effects on industry throughout the area since the council began its operations, in terms of stabilization and retention of jobs. Their program has reached the right people.

"The major unemployed groups here right now are the unskilled, low-income workers and black women," Hodge continued. "To meet their needs we would have to attract a certain type of industry—garment manufacturing or textile mills, for example."

He noted that other kinds of industry also can reach some of these unskilled workers by using the training facilities of the Sumter Area Technical Education Center, which serves the broad area.

Water and sewer facilities are among the most important factors industry considers when evaluating a community for a possible site location. Recognizing this, the district program has placed heavy emphasis on upgrading local community water and sewer capacity and services to prime industrial sites.

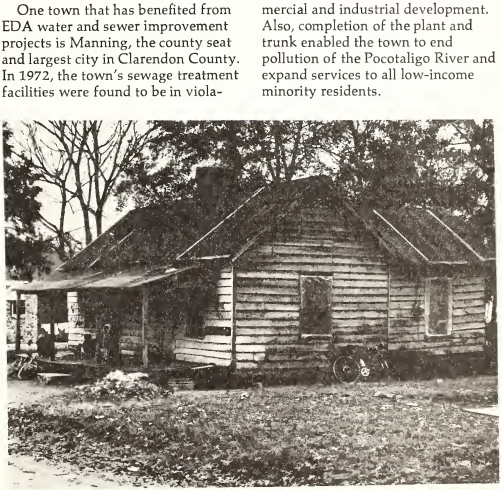
Efforts to halt outmigration are based on the premise that new industry provides jobs which bring in people from other areas, and also helps to retain those who would otherwise leave the area.

## Multiagency Project

One town that has benefited from EDA water and sewer improvement projects is Manning, the county seat and largest city in Clarendon County. In 1972, the town's sewage treatment facilities were found to be in violation of Environmental Protection Agency (EPA) standards, and there was considerable pressure for industrial and commercial development due to the construction of Interstate Highway 95.

The town began a $3.4-million water and sewer expansion as a corrective measure, filing two separate applications with EDA. The project also involved EPA and the Farmers Home Administration. EDA's participation included a $406,000 grant to extend water and sewer lines to the Interstate Highway 95/U.S. Highway 301 interchange, and a supplemental grant of $319,000 for the sewage treatment plant and trunk lines.

With extended water and sewer services, Manning was able to serve the Union 76 truck stop and motel complex (71 employees) and the 20th Century Glove plant (150 employees) and accommodate additional commercial and industrial development. Also, completion of the plant and trunk enabled the town to end pollution of the Pocotaligo River and expand services to all low-income minority residents.



*TARGET AREA—The Kirkwood community of Camden will be revitalized with help from the Santee-Lynches Council for Governments.*

The project and EDA's assistance, both financial and technical, helped the town of Manning to initiate a local development process and take the lead in dealing with the anticipated growth arising from the location of the Interstate Highway 95/U.S. Highway 301 interchange.

In Summerton, a Clarendon County town adjacent to Interstate 95, water and sewer improvements, completed in 1971 with the aid of about $171,000 in EDA grants, resulted in new jobs for unskilled laborers displaced from agriculture by mechanization.

## Jobs for Growth Center

Seven new motels and businesses with a combined employment of more than 400 persons have been completed in the Summerton area. Also, Federal Mogul, a manufacturer of bearings, has built a new plant which currently employs 180 persons and has projected employment of 600.

Another Clarendon County town, Turbeville, applied for funds to upgrade and expand its water and sewage systems. A $196,000 EDA grant, approved in 1974, permitted the expansion, which brought two new industries to the town and created 100 new jobs. Low-income and minority residents previously unserved also benefited from the expanded water and sewer systems.

Sumter (population 24,555) is the largest city and the primary growth center of the Santee-Lynches District. Water system improvements made with EDA assistance in the late 1960's stimulated the development of an industrial park there, and a new water plant is under construction to increase the city's capacity to accommodate rapid residential and industrial growth. Total cost of the facility, Water Plant No. 4, is $3.2 million, of which EDA is providing $1.56 million.

A Campbell's Soup plant located in the Sumter area industrial park employs over 1,800. The plant represents a total investment of $22 million, and the company purchases more than $15 million worth of vegetables and poultry annually.

Exide Battery, Inc., also located in the park, employs over 300 persons; Crescent Tool, over 400; Keen Corporation, the newest plant in the park, has 60 employees.

The growth of the Sumter area industrial park has placed stress on existing sewage treatment facilities. In order to accommodate planned expansions and new industries, which in mid-1978 were considering locating in Sumter, the city was pursuing a project through EDA to tie in the industrial park with Sumter's new main sewage treatment plant. The anticipated industrial growth would create over 1,000 new jobs and involve some $24 million in private investment.

## Water-Sewer Project Spurs Business

Improvements made in the four-county area before the economic development district was formed also have helped to further the Santee-Lynches Council's goals. One example is found in the town of Bishopville, located near the geographical center of Clarendon County, with a population of about 5,000, including fringe areas. In the late 1960's, EDA provided $36,500 of the $73,000 cost for water and sewer improvements in the town. Included were an elevated storage tank, water and sewer mains, and a sewage lift station.

This project was necessary mainly because of the unhealthy and unsanitary conditions existing on the outer edges of the town. There is a predominantly black population living on the fringes of the town in houses that tend to be fire hazards, and additional water facilities were mandatory. Additionally, no new industry would locate in Bishopville, nor could existing industries expand without adequate water, sewer, and fire services.

Since completion of the project in 1967, a sandwich shop, a floor and tile business, a television repair shop, and two filling stations have been established in the area, with an estimated investment of $250,000. The water department itself has added two new employees since 1970, and a yarn manufacturer has invested $2 million to expand operations, providing more than 110 new jobs.

Assistant Director Helsel also serves as project coordinator for the Santee-Lynches Council. As such, he works in the field as much as 3 or 4 days a week assisting in economic development efforts through EDA, the Federal Housing Administration (FHA), the Department of Housing and Urban Development (HUD), the Department of Health, Education, and Welfare (HEW), and the various other agencies that are active in the region.

## Land Is Plentiful

"One of the area's most abundant resources is its open land," Helsel said. "What is required to develop it is more water and sewer lines through the area, though. This is the only way we can hope to bring in industry."

Helsel also spoke of the need for trained labor in the Santee-Lynches area to meet the technological needs of industries interested in locating there.

The district program has aimed at upgrading the educational facilities available to local citizens as another means of halting outmigration. In the past, the shortage of local institutions of higher education also contributed to outmigration of students, who after high school would leave for college and never return to their home counties.

EDA and the Coastal Plains Regional Commission provided $500,000 each in 1974 to help finance the $1,310,000 Industrial Technology Building at the Sumter Area Technical Education Center. Since the primary function of the center is to serve industry, all courses are tailored to help industrial growth in the area. Specialized training programs are designed to give any expanding industry or new industry locating in

*OPPORTUNITY—Older workers retrain to take jobs brought to the Sumter area of South Carolina. The classroom building was constructed with help from EDA matching funds.*

the area a ready-made labor force with job skills tailored to the industry's specifications.

## PWIP Project Helps Save College

Morris College, located in Sumter, is a private 4-year coeducational institution of predominantly minority students. In 1972 the college was granted a $1.2-million loan from HEW to construct needed library and fine arts facilities. Terms of the loan required the college to furnish 25 percent of the total cost of the $1.6-million project. Although Morris College was unable to raise the required money, a recent $435,000 Public Works Impact Program (PWIP) grant from EDA will enable the library and fine arts center to be constructed, furnishing much needed space for classrooms and other college programs. Under PWIP, EDA finances public works projects that generate immediate construction employment.

Said Morris College president Luns Richardson, "When I took over in 1974, the college was in danger of closing. Without EDA's assistance with the new facilities, our chances for accreditation would have been nil. He added that the Southern Association of Colleges and Schools indicated that if the library construction were begun by April 1978—and it was—the college would be likely to receive accreditation.

At present, Morris College's enrollment is about 750. Approximately 65 percent of the students come from within a 50-mile radius of Sumter.

Aside from construction jobs created by the project, the new facilities will provide other community assets. The library and fine arts buildings, recreational facilities, workshops, and programs on campus such as Headstart, Upward Bound, and the Cooperative Business Program will make a continuing contribution to the quality of life of the community and surrounding areas.

Numerous public works projects have been funded by EDA throughout the Santee-Lynches District under PWIP and Rounds I and II of the Local Public Works (LPW) Program. At one point during the spring of 1978, there were 14 major public works projects underway throughout the district with a combined project cost totaling nearly $10 million, of which about $6.7 million was funded by PWIP and LPW grants.

## Long-Term Benefits

EDA recognizes that PWIP and LPW projects often create long-term benefits for the communities as well as providing immediate jobs in high unemployment areas. The district program has endeavored to develop needed recreational facilities, municipal buildings, fire stations, and other community facilities throughout the area.

For example, EDA assisted in the renovation of the Lee County Courthouse through a $338,000 PWIP grant in 1972. The Law Enforcement Assistance Administration also contributed $131,500 toward the $920,000 total cost. Remodeled courthouse facilities not only present a more attractive and progressive image to the public, but also contribute to the efficiency of local officials and their staffs. This impact outlasts the immediate benefits derived from the injection of construction payroll monies into the local economy.

An EDA local public works grant of $954,285 in 1977 provided the

funds necessary for critically needed office space for the Sumter County Health Department and Department of Social Services.

A new social services building in Lee County was completely financed by a $399,000 grant from EDA's Local Public Works Program. It will provide office space for the Department of Social Services, the Social Security Administration, the South Carolina Department of Vocational Rehabilitation, the Lee County Council on Aging, and the South Carolina Employment Security Commission. Lee County residents had previously commuted to Camden or Sumter for employment services.

## Overall Planning Essential

Another major facility expected to boost tourist trade in the Sumter area is a 45,000-square-foot exhibition center to be used for agricultural, business and industrial shows, community meetings, sports events, and similar activities requiring large open spaces. The $1.3-million project will be financed by grants from EDA, the Governor's Office and the Coastal Plains Regional Commission, and county funds.

*HISTORIC MANSION—Restoration of historic homes in Camden helps build the area's potential for tourism.*

These projects represent only a partial picture of Federal investment in the Santee-Lynches District program. The following totals provide a general overview of the distribution of EDA loan and grant funds in the area from 1972 through 1977: Clarendon County, $2,095,066; Lee County, $2,536,820; Kershaw County, $775,000; Sumter County, $5,499,785.

One essential element in the EDA approach has been the organizational arrangement that Santee-Lynches and its governments work through. The Economic Development Planning Program is geared to the concept of the Overall Economic Development Program, a comprehensive document which evaluates the strengths and weaknesses of the district and examines solutions for the weaknesses.

Between the Santee-Lynches District and the Southeastern Regional Office of EDA is the Economic Development Representative (EDR), Townes Holland, who is responsible for the entire State.

Said Millet, "Holland's interest, enthusiasm, and knowledge of local plans and situations have resulted in a great deal of credibility for EDA at the local level. Local government officials feel that in dealing with EDA they will get the assistance requested or at least a reasonable explanation as to why it will not be forthcoming."

# MIX OF PROGRAMS

## Brooklyn Navy Yard, Brooklyn, New York

At its peak during World War II, the Brooklyn Navy Yard was reported to have employed 70,000 workers building warships 24 hours a day, 7 days a week.

In June 1966 the U.S. Navy closed the Brooklyn shipbuilding site, vacating a facility dating back to the eighteenth century, and leaving hundreds of workers in surrounding communities jobless.

Twelve years and nearly 96 million EDA dollars later, the Brooklyn Navy Yard is once again a thriving center of economic activity for the Bedford-Stuyvesant, Fort Greene, and Williamsburg communities. Employing nearly 6,000 workers in 37 industrial firms, the Yard has been transformed from a rusting, idle facility into a growing industrial complex.

Industries in the Yard are varied and diverse, manufacturing products ranging from pewter to ladies' clothing. Good security, vast working spaces, and a nearby work force are among the advantages offered by the complex.

This revitalization is the result of a period of extraordinary cooperation among business, the community, and government.

### CLICK

Business and community support for the revitalization has been largely directed through an organization called the Commerce Labor Industry Corporation of Kings (CLICK). CLICK was formed in 1966 by a group of Brooklyn businessmen, civic leaders, and elected officials as a nonprofit local development corporation. It was to assume major responsibility for redeveloping the 265-acre Yard into an industrial complex.

According to Abraham Goodman, executive director of CLICK, many people recognized the potential of the Navy Yard. "The closing of the Brooklyn Navy Yard offered the city of New York a unique opportunity to reintegrate the Yard with the life of the local communities and the city as a whole," Goodman said.

The corporation was initially confronted with several major problems. First, the Navy Yard required renovation in order to enable it to attract industrial firms. "The existing facilities and structures were not readily adaptable for modern industrial use," said Goodman. "As a Government installation, all construction had been undertaken by the Federal Government without conforming to the New York City building codes. Age and neglect had combined to severely damage most of the facilities and structures."

### CLICK Works With City

Second, the Navy Yard closing had significantly boosted the unemployment rate of the area and had changed the economic standing of the community. Many middle-income residents departed from the surrounding communities, leaving a vacuum which was largely filled by an influx of low-income, minority residents. Many workers within close proximity of the Yard, those most desperately in need of jobs, did not possess the needed skills to get work elsewhere.

*SKILLED TRADES—Youths in the neighborhood of the former Brooklyn Navy Yard, now a growing industrial complex, receive training to qualify for jobs there.*

Problems in the early administration of CLICK necessitated changes in management. "Between 1966 and 1971, the original organizers of CLICK were replaced by community-oriented individuals," Goodman said. According to Goodman, the project had begun to take on the characteristics of a poverty program, and the corporation was failing financially.

In 1971 CLICK and the city of New York finalized a 99-year lease agreement which provided for a close working relationship among CLICK, the city's Economic Development Administration, and the community.

Under the terms of the agreement, the CLICK board of directors is composed of 19 mayoral appointees, five representatives from each of the three communities bordering the Yard, and three members appointed by elected officials.

*SEATRAIN—Largest employer in the redeveloped Navy Yard is Seatrain Shipbuilding Corp., with 2,400 employees. An EDA loan guarantee helped the firm diversify into other lines of production.*

## Minority Young Get Jobs

CLICK functions as a landlord corporation working to create jobs by attracting industrial firms to the Yard. Board members are intricately involved in promoting the Yard's growth. The corporation oversees the rental and maintenance of facilities and pays an annual fee to the city for lease of the former naval property.

Charles Inniss, associate director, Central Brooklyn Model Cities and a member of the CLICK board of directors, said all rentable space in the Yard is now occupied. "The redevelopment has been a success because CLICK had community participation as well as a business identity," he said.

CLICK does not interfere in the internal affairs of tenant companies. Hiring and financial affairs are handled independently by each tenant. However, CLICK does operate an employment center which screens and refers job applicants.

Anne Small, head of the employment center, described most job applicants as the minority young (aged 17-26) and unskilled. Small said that CLICK has maintained good relations with local community organizations as well as employment agencies. The center screens from 100 to 150 applicants a day.

According to Small, "85 percent of those working in the Yard live in the surrounding communities, and approximately 80 percent of the workers are either black or Puerto Rican. In many instances," she said, "these people could collect close to the same income from unemployment compensation, but they would rather work."

## EDA Support

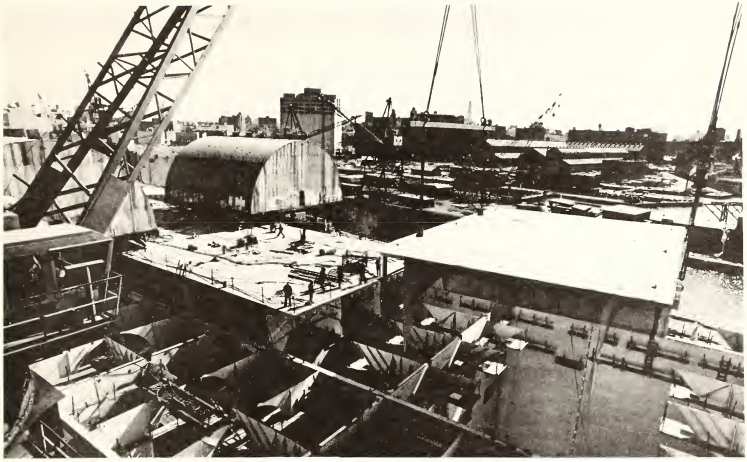
Federal support for redevelopment of the Navy Yard has come chiefly from the U.S. Commerce Department's Economic Development Administration (EDA). EDA activity in support of the Yard has involved use of all EDA tools—technical assistance, business development loans and loan guarantees, public works and planning grants, research and manpower training.

Support provided by EDA has included nearly $76 million in loan guarantees, $13 million in business development loans, nearly $5 million in public works funds, and $1.3 million in technical assistance grants.

EDA involvement in the Yard redevelopment began in 1966 with a technical assistance grant to Fordham University for a study to analyze the impact of the

*COMPANY PRESIDENT—Henry O. Crippin (above), president of Crippin Pipe Co., is one of 37 employers located in the former Brooklyn Navy Yard.*

*At right, two Crippin employees combine forces on an assembly project.*



*IN ACTION—Hoisting a 200-ton subassembly into position on a supertanker hull requires cranes with strength and accuracy.*

Navy Yard closing. This and other studies to determine the feasibility of converting the facility to an industrial complex helped lay the groundwork for revitalization.

The Navy Yard area was designated eligible for Federal financial aid in August 1966. The designation was based on an EDA-sponsored study which found that the area had an unemployment rate of 13 percent, double the national unemployment rate at the time. The study also estimated that 2,500 persons would lose their jobs as a result of the closing.

## EDA Program Mix

In its organizational stages, the Commerce Labor Industry Corporation received EDA planning grants to pay administrative costs in developing a strategy for conversion of the Yard.

In many instances, EDA assistance has helped solve problems which blocked progress. For example, a $24,500 technical assistance grant helped fund the development of an employee training program for prospective occupants of the Yard.

EDA business development funds have helped a number of the Yard's tenants establish, maintain, and expand operations in order to create and restore jobs. The Yard's largest employer, Seatrain Shipbuilding, with 2,400 employees, is one such company.

In 1969 EDA approved a $5,850,000 loan to help Seatrain establish a civilian shipbuilding operation at the Navy Yard. The funds were used to help refurbish existing buildings and dock facilities, and to purchase and install modern machinery.

EDA also came to the aid of Seatrain in 1975 when the company was forced to lay off 3,000 workers. John Serrie, the company's president, said the layoff was caused by a decrease in the demand for supertanker ships and President Ford's veto of a bill which would have required a rising percentage of the oil and oil products imported into the United States to be carried on U.S. flag vessels.

## Work Force Still Growing

After securing a 90-percent EDA guarantee on a $40-million loan from Chase Manhattan Bank, the company began to rehire its work force. Serrie said, "EDA backed us when nobody else would."

The loan guarantee enabled the company to diversify into other kinds of ship construction, such as barge building. Presently, less than one-third of the company's business is in building supertanker vessels, Serrie said.

Seatrain's work force is still growing, with about 400 positions yet to be filled. The company pays a half-million dollars in wages every week to workers in the surrounding communities.

"The story that has not been told is what EDA assistance meant to the workers who regained their jobs. They had lost their jobs through no fault of their own. The EDA assistance meant that for once the system worked for them. It gave them their jobs back," Serrie said.

## The "Left-Outs" Are Brought In

These sentiments were echoed by Charles Joshua, executive director of the Central Brooklyn Coordinating Committee. Of the EDA assistance to firms in the Yard, Joshua said, "This is much more than economic development. The Yard is a part of the community. When the Yard closed, so did a lot of other businesses which depended on the Yard's work force for patronage." Joshua said growth of the industrial complex means growth for the whole community. "The EDA assistance helped people who are often the 'left-outs' in a sense. It made it possible for many to gain training, retraining, and employment—to become productive," he said.

Many firms in the Yard have received indirect services as a result of EDA financial assistance. Grants to the Brooklyn Local Development Corporation and the Williamsburg Development Corporation have been used to encourage the development and expansion of small businesses.

## Looking Ahead

The outlook for further growth of the Yard is positive, although tempered by problems which still plague the Brooklyn area and the Yard.

Unemployment in the Navy Yard area averages from 20 to 25 percent. William C. Thompson, special assistant to Representative Frederick W. Richmond, whose congressional district includes the old Navy Yard, said the area has the population to support many more firms in the Yard. "More jobs are needed. As the facility attracts more firms, some revitalization of area businesses will be automatic," he said.

City Councilwoman Mary Pinkett voiced the same concerns. "The tendency is to look at those who are employed and say, 'Look, they're working,' when in reality there's much more that needs to be done. More Federal money is needed to stimulate the creation of jobs in the Brooklyn area," she said.

Representative Shirley Chisholm's Brooklyn congressional district includes a large part of the area most directly affected by the Navy Yard project. Acknowledging that the project has been fairly successful in employing residents of the Brooklyn area, Wesley Holder, political advisor to Congresswoman Chisholm, observed that future growth of the Navy Yard complex depends largely on the amounts of work the firms can secure.

# PLANNING FOR ECONOMIC GROWTH

## State of Tennessee
## Department of Economic and Community Development
## Nashville, Tennessee

IN 1975 Tennessee and the Nation found themselves in a period of major economic change. Nationally, basic industries slowed down, energy costs skyrocketed, and consumer demand slackened.

The situation in Tennessee was especially acute. Unemployment increased, incomes decreased, and major State industries laid off employees or shut down completely. State revenues failed to grow as projected and, in the face of an expanded State budget, severe cuts in programs were threatened. Added to this deteriorating situation were Tennessee's chronic problems of high unemployment and family incomes at or near the poverty level.

Regardless of whether the 1975 recession was a short-term cyclical swing or a long-term structural change in the national economy, Tennessee officials felt that with solid planning some of its economic effects could be softened and perhaps even avoided in the future. To do this, the State had to create and follow a set of short- and long-range development policies based on an accurate assessment of economic conditions.

### The Essential Ingredient

Planning, according to an Economic Development Administration (EDA) pamphlet entitled EDA Planning Grants for Economic Development, "is the essential ingredient for a successful program to stimulate sustained economic growth. . . . Often, however, only limited resources are available for planning and carrying out an economic development program."

The State of Tennessee took this expression at face value and, emphasizing its own limited resources, competed successfully for grants from EDA. With the aid of $268,000 in EDA grants over 2½ years, Tennessee government officials and planners have developed a model that forecasts key elements of the State economy. Furthermore, they have structured a process that allows local officials to determine their financial priorities and insert them directly into the State and Federal budget procedure.

At one end, a computer makes educated guesses about the future financial rules of the game. At the other end, a group of elected officials decide whether an industrial access road or a water treatment plant is their greatest need. And in the middle, where the information comes together, the practice of the art-of-the-possible is put on firm ground. Tennessee's process is better than comprehensive; it is comprehensible.

### Background

As the recession spread across the Nation, the time was right for economic planning in Tennessee. Not only was the recession exposing basic weaknesses, but a newly elected Governor Ray Blanton was concerned with the expenditure of State and Federal funds and had an interest in targeting those funds on programs and projects leading to more rational and orderly development.

In addition, a structure of State, regional, and local planning agencies was in place and moving away from the crystal ball philosophy of planning toward more pragmatic thoughts about the kinds of information needed to make better day-to-day decisions in government.

The economic planning process that grew out of these conditions was designed to accomplish four objectives: to create an effective, broad process for economic policy development and planning; to develop and maintain expertise and data on the State economy; to provide the Governor with timely advice and recommendations on current and future economic conditions in the State; and to formulate and implement plans, policies, and programs to improve economic conditions and opportunities within the State.

### State, Communities Share Responsibility

Responsibility for pursuing these objectives was distributed broadly, from local communities to the Governor's office.

*The Office of Policy Planning (OPP).* This executive branch agency is charged with planning, intergovernmental relations, program coordination, and policy development. The Governor's special assistant for policy planning supervises the activities of the State Planning Office and the Office of Urban and Federal Affairs, conducts cabinet meetings, and reports daily to the Governor on policy matters.

This daily contact with the Governor and the broad policy responsibility places the office in an excellent position to coordinate the State's economic planning process.

*The State Planning Office (SPO).* This office provides overall planning services for State government and staff support to the Governor's special assistant. The planning office is organized to deal with issues in the areas of human resources, the environment, development, intergovernmental relations, and local-State-Federal coordination. A major activity of the office is to provide professional planning assistance to the program experts in the various functional departments of State government as they prepare their plans, budgets, and investment programs.

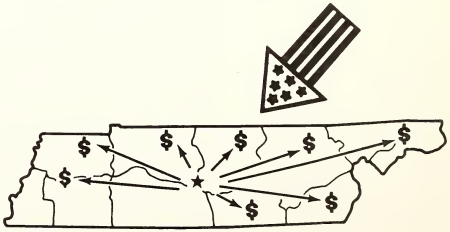
*The Department of Economic and Community Development (DECD).* This department is the line organization for the industrial marketing, enterprise development, and regional development functions of State government. It is uniquely situated to establish a regional planning and development process, create a data base for economic planning, conduct special research studies, and provide technical assistance to communities and development organizations. The policy and broad scope of SPO and the functional economic development programs of the DECD have become the foundation of the economic planning process.

*The Tennessee Development Districts.* A network of nine development districts covers the entire State. These districts are creatures of local government (cities and counties) and exist primarily to serve local government. One district, for example, includes 9 counties and 32 municipalities. The development districts have produced plans and research on a regional basis for a number of years, and are in an excellent position to articulate regional development plans, strategies, and priorities, and to administer and coordinate programs at the regional level. They have only limited influence on State government. Several State programs are administered through the district structure, but the role of development districts in the formation of State policy is limited primarily to advocacy.

The legislation which established the SPO and the DECD charged both agencies with the responsibility for economic planning, but a lack of money and the press of daily problems kept a consciously directed program of economic planning from being initiated. The first problem, then, was creating an administrative arrangement, an "institutional mechanism," that placed all the involved agencies on the same wave length and guaranteed a hearing for the results of their work.

## Special Staff Formed

The key element of the administrative structure that was decided upon is a special staff unit drawn from the DECD and the SPO. This staff unit has prime responsibility for day-to-day economic planning activities such as research, liaison, and policy formulation. Financial support from EDA grants has been used to defray administrative costs. The group is supervised by the Governor's special assistant for policy planning and the commissioner of DECD and, in turn, supervises and



coordinates the activities of the development districts.

This set-up has three distinct benefits. First, it allows the development of a continuing in-house capability in economic planning. Second, it clearly identifies a unit of State government responsible for economic planning and gives it direct access to the Governor's office. Third, by involving the development districts, it ensures that State development strategy and regional and local action programs will be developed together.

The administration of economic planning in Tennessee, therefore, was not designed to be either top-down (State to region) or bottom-up, but rather to permit the State and the districts to participate as equals.

## The Model

An economic model came first. Officially known as the Tennessee Econometric Model (TEM), it is a program developed by the Center for Business and Economic Research at the University of Tennessee to forecast trends in State economic activity.

TEM uses equations which quantify the historical relationships between the State and national economies, the levels of national activity forecast by the Wharton Annual and Industry Forecasting Model of the United States, and selected State policy variables to predict economic activity in nine sectors—output (gross State product), employment, wages, personal income, banking, State government, agriculture, retail sales, and energy.

"The econometric model developed at the University of Tennessee has been very important in the preparation of the annual State budget, especially in the forecasting of revenue," said Jack Strickland, former special assistant for policy and planning to Governor Blanton. "And as the model is refined at the substate level, it should become a useful tool in local and regional planning and capital improvement programming."

The model allows analyses of historical economic trends, sector-by-sector activity, and the short- and long-term outlook for State revenue and expenditures. This last area is where groundbreaking work has been performed by Tennessee.

## Budget Forecasting

How large will the State budget be? What kind of changes are expected in the future? Will there be enough revenue to pay for all desirable government programs? These are important questions anytime, but particularly in times of inflation.

Tennessee officials sought answers using TEM as a forecasting device. In a report to the Governor entitled "The Future of the Tennessee State Budget: 1976-1978," they found that the State's existing tax base was barely adequate to support the present level of services and "without a massive increase in Federal aid or a marked turnaround in the economy, . . . Tennessee will simply not have enough revenue to meet all the needs for improved State services." Going further, the report stated that if its assumptions about revenue growth were valid, "barely enough revenue will be available to implement those new programs already authorized by the general assembly, (and) since Tennessee State government by law cannot operate at a deficit, planned program improvements must be cut back in the future, or new sources of revenue must be found."

The message was clear: raise taxes or cut back programs. This decision belonged to the Governor and the Tennessee General Assembly, but the forecasting technique allowed some direct presentation of the options facing them. For example, without new revenue sources, completion of the 20-year highway plan would have to be deferred; nearly all new or improved higher education programs would be delayed and capital expenditures would be reduced drastically; and no funding would be available to improve substantially Tennessee's Medicaid, food stamp, or other social service programs except to accommodate increasing case loads.

## Guidance Provided for Governor

In sum, the model allows a very businesslike approach to the problem of budget forecasting and analysis. It doesn't provide the answers, however, and its basic benefit is better background information for decisionmakers.

Along with revenue forecasting, TEM has been used to prepare an annual Economic Report to the Governor, a determination of the future need for industrial sites in Tennessee, and an analysis of the sensitivity of the State's economy to changes in the national energy situation. It is now being used to prepare an updated report for the Governor on the future of the State's budget.

Tennessee officials feel that they are just learning how to use the model and see that as more applications are found, it will become more and more valuable. But they also acknowledge its limitations. "It is one of many tools and probably does not directly impact many decisions," said one official. "For background information, though, the results are important. We probably use them without even knowing it. They're hidden away in our heads and emerge when we're trying to describe or solve a problem." All in all, the model provides a healthy and honest approach for those involved in the slippery business of predicting the future.

## The Regional Planning and Development Process

The econometric model seeks to find out what makes Tennessee's economy tick and to apply this understanding over a wide range of future conditions. Its scope is broad, and its impact on the State budget and planning process is general rather than specific. At the other end of the economic planning scale in Tennessee is the regional planning and development process (RPDP), which begins at the local rather than the statewide level and deals with specific needs as opposed to general trends. The RPDP arose from a desire by

the development districts to have more impact on the State budget process. Their responsibilities were increasing, their business was becoming more complex, and they were becoming more dependent on State and Federal funds. Their needs, however, were not being met in State budget planning activities.

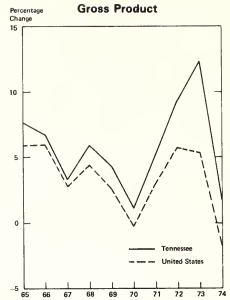
## Local Input Arranged

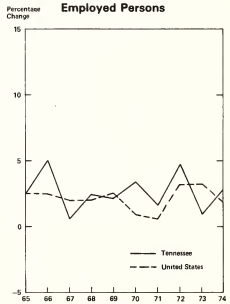
In response to this need, the SPO and DECD met with the development districts and put together a process by which local governments could collectively make known to Federal and State agencies the direction they wished funding decisions to take. The process as approved by the districts has five sequential steps: assessing regional needs, adopting regional goals and objectives, formulating a regional development strategy, compiling a regional projects inventory, and determining project priorities on a regional basis.

According to RPDP guidelines, individual elected officials, using public meetings, planning data, and their own experience, must separately reach some conclusions about the future needs of their communities and the region of which they are a part. They then meet with representatives from other localities and decide which combination of projects and programs are of highest priority. When a consensus is reached, the package is sent off for possible funding. On one level, the process sounds like simple horse trading; but on another, it seems an eminently reasonable method for getting people together, letting them decide what they need, and communicating that need to others.

## Local Officials Are Key

Local officials are the key to the whole process. They must generate the project proposals, make the decisions about strategies and priorities, and lobby for the validity of their overall decisions before the State and Federal Government. The development districts provide the forum in which these decisions are made and their professional staffs provide the necessary background information. State officials provide the the financial and technical assistance to support the process.



Three principal products are to be produced by an RPDP:

- An improved Overall Economic Development Program for submission to EDA to qualify governments within the region for economic development grants and loans;
- An areawide action plan to guide the use of Appalachian Regional Commission funds in eligible counties in eastern Tennessee; and
- A set of local priorities expressed on a regional basis which can be used to influence State budget decisions.

All three products contain the same basic information and decisions; the only difference is in their format and recipients. The first goes directly to EDA, the second to DECD for inclusion in the annual State Appalachian Development Plan that is submitted to the Appalachian Regional Commission (ARC), and the third to DECD for comparison with established State funding priorities and submission to the SPO for use in State budget preparation.

## Priority Projects Identified

The first year of the RPDP produced long lists of priority projects but very little in the way of underlying strategy or long-term investment planning. The second year produced packages that were more sophisticated and better oriented toward overall economic development. There were fewer projects on the priority lists with a more realistic look at the funds available, and the analyses were more soundly based on hard data, showing a better appreciation of what it takes to sell a priority project.

*SOURCE—*

*Tennessee Econometric Model, December 1, 1976*

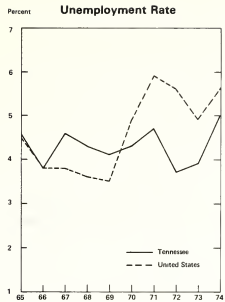
There are problems down the road, however. The RPDP as a process was initially successful because the development districts were included at the outset and participated in every step of its development. Feelings of paternalism will carry the process for a time, but when those fade there must be a payoff—the exercise must be tied to implementation.

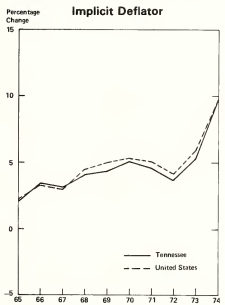
In those districts that fall within the area covered by the Appalachian Regional Development Act, there is an accessible payoff from the special State and Federal funds earmarked for Appalachian development. In western Tennessee, Appalachian funds are not available at the end of the process and incentive diminishes accordingly. One west Tennessee district has said the RPDP isn't worth the effort until the State legislature and the various State departments accept its results and abide by them.

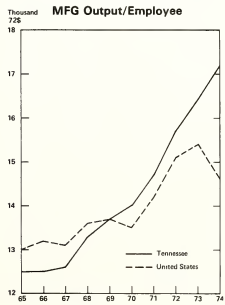
## Multiagency Funding Needed

The State hasn't committed itself on this suggestion because it wants to see how the RPDP experience turns out. "There's no heavy push to prove RPDP the savior," said one official. "The districts are gaining experience with the process and its results, and we feel we have something that's going to eventually prove valuable to everyone."

Regardless of hopes for the future, the RPDP will never be as good as it can be until funds other than just the Appalachian Regional Commission's are pulled into the program. "We must get EDA, the Department of Housing and Urban Development (HUD), the Farmers Home Administration (FmHA) and the like to make a commitment to the results of the process," said a district economist.




"When ARC money is not involved, we have far fewer participants because of the feeling that we're just playing a game if the results aren't directly tied to implementation dollars."

Those charged with solving this problem are in the SPO and the DECD where the results of the RPDP and the econometric model come together, and they are working on the answers. One approach is to move the management of the overall planning effort closer to the Governor's office.

For the first 2 years of EDA funding, the application was signed by both the SPO and DECD; the third year grantee is SPO alone. This change is a direct reflection of concern over improved program management by the various State departments and emanates from OPP.

## Governor's Role Is Critical

The head of policy planning formerly was a development district director and has been on the receiving end of State actions. He came to State government convinced of the need for streamlining and improving the planning and management capabilities of each department. In the RPDP and the model, he has found useful tools and is not only continuing their past applications, but expanding them into the areas of executive policy development, analysis of the impact of environmental legislation, and design of a data base for an energy management system.

The Governor's role and attitude in using these tools is critical. The RPDP, for example, capitalizes on the fact that the districts are close to their own problems and people. The districts know what the State is talking about when it asks for priorities and strategies and what the process can and cannot do for them.

What happens, however, when State and district priorities conflict—when the State has selected a site for a regional prison and the district has chosen it for a park? Are these such things as "separate-but-equal" priorities? Are the advantages of

taking government to the people worth its perils? Answering these questions will require more experience with the process, but the issues are out in the open, and that's a healthy sign for government and the people.

It also will take time to find a stable source of funds to fulfill economic development needs identified in the planning process. Now, the only dollars directly tied to the results of the RPDP are those of the Appalachian Regional Commission. The State is not committed, and the relationship between its budget process and the district's priorities is not solidly tied down.

## Long-Term Picture Studied

One solution is to somehow convince Federal agencies like HUD and the FMHA to follow ARC's example and join the process or convince the State legislature to allocate development dollars directly to the districts. The problem with both solutions is that they would disturb the current way of doing business. This was well expressed by a State official who asked, "Why should the winners let the losers buy into the system and reduce their piece of the action?"

Problems remain with economic planning in Tennessee, but they are not the ill-defined and scattered ones of 3 years ago. And they are being looked at by a group of conscientious people who view economic development as something more than an industrial park here and there. They are putting together a long-term picture of Tennessee, figuring out ways of listening to voices from all over the State, and doing their homework on how to get decisions and policies made on the basis of sound information and strategy. They are years ahead of much of the country and moving closer to some real successes in the most difficult of planning activities—economic development.

# POLLUTION CONTROL

## Interstate Paper Corporation
## Riceboro, Georgia

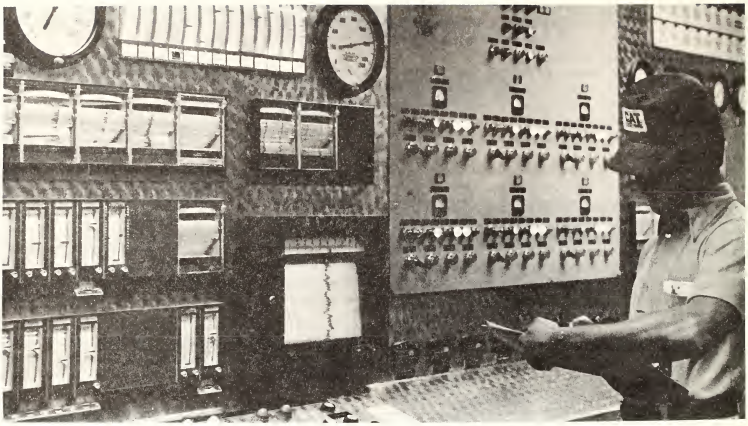
IN 1966 the Economic Development Administration (EDA) loaned $6 million to the Interstate Container Corporation to build a paper mill in Riceboro, Georgia. Ten years later the mill was one of 200 projects from around the United States selected for the Federal Government's "Horizon On Display" Bicentennial program.

Interstate was chosen because it had brought economic stimulus to a high-unemployment area, and because its waste-treatment system protected the water quality and ecology of the coastal recreation area in which it is located. The company had shown, through its innovative solutions to problems of pollution, that industry and ecology can exist side by side.

Riceboro, population 252, and surrounding Liberty County were economically depressed in the 1960's with an unemployment rate of 8.6 percent. In response to this problem, several business, community, and civic leaders formed the Liberty County Industrial Authority for the purpose of bringing new industry into the county. At the same time, the Interstate Container Corporation was looking for a place to build a papermill. The authority approached Interstate with the idea of building the mill in Liberty County.

The 1,900-acre site that was chosen was formerly the C. B. Jones estate. It is situated in coastal Georgia along the North Newport River near the intersection of U.S. Highway 17 and I-95, approximately 35 miles south of Savannah and 50 miles north of Brunswick. Both of these are major coastal cities and are centers for industry, trade, and shipping.

*PIONEER—Interstate Paper Corp. of Riceboro, Ga., pioneered the direct use of tree-length logs in place of the industry's usual but less economical 5-foot lengths. Lacking a steady supply of the traditional shorter length wood, IPC modified its equipment to accept the tree-length stock.*



*DEDICATED COMPUTERS—Computers channel input and control machinery in the production of kraft paper stock at the Interstate Paper Corp. plant.*

## Job Total More Than 2,000

In March 1968 the newly formed Interstate Paper Corporation began production in its $27-million mill. Today, it directly employs approximately 330 people and has helped create over 1,700 indirect jobs.

When Liberty County administrator Harold Rogers was asked about the impact the papermill has had on the county, he replied, "It has greatly helped the economic and unemployment situation by creating jobs. In addition, it has protected the environment by being almost pollution free."

In The Water Lords, a Ralph Nader Study Group report by James M. Fallows, it is stated that "Interstate built one of the most successful water treatment plants in the entire paper industry."

When EDA made the loan, one criterion it used was "EDA response to a national problem—pollution."

## How IPC Has Helped the Economy

The Interstate Paper Corporation (IPC) is jointly owned by Interstate Container Corporation of New York (the principal owner), Acorn Corrugated Box Company of Chicago, and United Container Corporation of Philadelphia.

There has been low employee turnover since IPC began production, with over one-half of the original employees still working there. According to Richard S. Díaz, mill manager, "Our people are scattered, they come from six different counties in a 40-mile radius. For this reason, we haven't had a great economical impact on any one area."

There has been an impact in the six-county region, however, because of the indirect jobs that have been created, including approximately 350 contractors who have been hired to harvest wood, and more than 1,100 independent timberland owners in 40 counties, including some in South Carolina, who annually supply 285,000 cords of pulpwood to the mill.

Until the middle of the 19th century, the chief materials used in the production of paper were rags and linen. Since then, the major ingredient has been wood pulp. It was also during this period that the paper industry in Georgia began to exploit its natural resource, pine. Today, Georgia leads the Nation in the production of pulpwood and paper products.

A portion of the indirect jobs are at two satellite industries that were established at IPC's forest products complex. Together they receive about 12 percent of the logs at IPC's wood yard. They then return chips and wood residues to IPC for its pulpmill. The two firms are Amax Lumber Company, which operates a lumber mill on 20 acres of IPC's land, and a facility built by Koppers, Inc., of Pittsburgh. On 50 acres of Interstate's

land, they produce utility poles for the communications and electrical power industries.

Interstate has helped the independent timberland owners economically because of its unique policy of buying all its wood from them. Usually, when a mill locates in an area, it purchases or leases woodland immediately adjoining the mill.

It is estimated that IPC spends approximately $8 million annually in salaries, wages, and pulpwood purchases. Company economists estimate that each dollar spent in the area turns over six or seven times, resulting in close to $50 million being pumped into the economy.

IPC also pays between 12 and 36 percent of Liberty County's taxes, depending on the year.

## Black Workers Gain Stature

There are still about 34 applicants for every job opening at IPC. One reason for this, according to William S. Verross, IPC's vice president and general manager, is that "most of our employees are earning two to three times what they were before coming to Interstate. Also, blacks at our mill have moved further along in traditional industry positions here than they have in any other mills, because we promote from within."

IPC's principal business is the manufacture of unbleached kraft linerboard, with average daily production at 550 tons. This is small compared to most southern mills, even though production is 24 hours per day, 7 days per week.

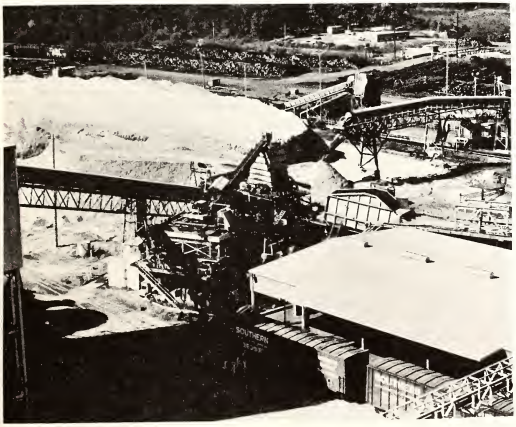
Interstate also sells logs to the two satellite industries in its forest products complex, as well as off-site plywood and lumber plants. In addition, it sells excess chips to other pulp and paper mills.

IPC has been a leading innovator in the pulp and paper manufacturing field. For instance, it was one of the leaders in the industry in the use of dedicated computers. Basically, a dedicated computer is one which is programmed to serve a single function—in this case, to take all "inputs" and feed back a signal to operate a machine. The computers are used to control various aspects of the pulp and paper process, for digital control on a paper machine, for control of the batch digester pulpmill, for control of the recovery boiler and evaporators, and to handle financial and administrative functions.

## Computer Prevents Waste

Before the computers were installed, an operator assumed that paper in different rolls met certain specifications. If it didn't, the paper had to be thrown away and a new roll produced. Now the computer gives the operator accurate information, so adjustments can be made where necessary.

IPC was one of the first mills to convert to 100-percent tree-length wood from the traditional, less economical, 5-foot length. One of the problems it faced was in trying to find people to cut the wood into the short length before delivery, so IPC modified its equipment to take tree-length wood.



*IMPACT — Interstate Paper Corp. has an effluent treatment system, constructed with the help of an EDA loan, that serves as a model for the industry in pollution control.*

## Protecting the Environment

Before its construction, the people planning Interstate were concerned about its effects on the environment. This is due in part to the strict water quality standards imposed on the company by the State of Georgia. These restrictions, probably the toughest in the United States, only allow 2 pounds of BOD (biochemical oxygen demand) for every ton of paper produced, while the Federal standards are 5 pounds. Some mills emit as much as 750 pounds of BOD for each ton of paper produced; the Interstate mill has cut its BOD emission to 1 pound per ton.

The State also put a color requirement of 30 (drinking water) on IPC, while the normal color of streams ranges from 200 to 2,000. This was probably a big factor when IPC became the first mill to install a process that removes color from papermill wastewater and also to apply primary and secondary treatment to the effluent. This system, which cost $2.5 million to develop and install, has been selected by the Environmental Protection Agency (EPA) as a demonstration model for the industry.

Along these lines, several water quality studies have been conducted in areas affected by IPC's effluent. Over a period of 4 years, the University of Georgia Marine Institute at Sapelo Island, in conjunction with the U.S. Geological Survey, monitored water affected by IPC and found that the mill's treated effluent "has no adverse effects on marine life." For this reason, sport and commercial fishing is a thriving activity in the water affected by the mill's effluent.

## Water Usage Reduced

EPA also conducted a study which found that IPC had taken the unusual step of trying to reduce freshwater usage and waste losses. According to the study, this has been accomplished. For instance, IPC uses an average of 9,800 gallons of water per ton of linerboard produced, while the industry average is 25,000 gallons.

An excellent example of the high standards of water quality maintained by IPC is the good freshwater fishing in the 650-acre lake that it built as the final stage of the waste-treatment system. The lake has a mean depth of 4 feet and a 5-mile shoreline, and is the largest waste-treatment facility of its kind in the Southeast.

Another project undertaken by Interstate uses a carbonizing furnace to convert bark into energy for the mill. This $3.5-million system was completed early in 1978. Essentially, the system converts bark and other wood residues into combustible gases. These gases are then burned in a pollution-free combustion chamber producing heat, which is then used to produce steam that generates electricity for the mill.

A by-product of this operation is char. Robert E. S. Thompson, president of Environment, Incorporated, Guilford, Connecticut, has patented a process that will use the char as a filter for treating effluent.

## Reforestation Practices Tested

The people at Interstate consider their company a vigorous proponent of improved forestry practices and reforestation. Along these lines, the corporation invested $200,000 for equipment that would provide complete reforestation services at cost to the private landowners within their 40-county wood procurement area. It was the first pulp and paper company to make these services available, enabling small landowners to achieve full productivity with their forests. Since 1970 more than 15 million pine seedlings have been planted on land prepared by IPC crews.

In 1973, IPC began a 10-year forestry demonstration project on 30 acres of land at its complex. Half of the land will be left to natural regeneration after selective cutting, while the other half is divided into 1.5-acre plots. These plots will be clear-cut (all trees will be removed), and the site will then be prepared and planted in Superior Slash Pine Seedlings, one plot per year over the life of the demonstration. Results of this project will show a side-by-side comparison of modern forestry technology versus natural regeneration.

## Company Reduces Waste

Finally, Interstate makes a concerted effort to reduce waste. It uses wood residues and chips from its satellites and other industries, along with chips and used boxes from box plants, to make its pulp. "This is a cooperative effort to gain maximum use from Georgia's woodland resources," said Verross.

IPC also uses fiber rejects from ITT Rayonier's chemical cellulose plant at Jesup, Georgia. Rayonier cannot use impurities because its cellulose is used for making rayon cord, which in turn is used in making products like tire cords and Pampers.

As Diaz explained, "When a tree puts out a limb, it develops a knot or very dense fiber. When the fiber is cooked, it doesn't break up entirely." In the past, Rayonier would screen these out and throw them away. Now they are obtained by IPC, where they are broken down so they appear as brown specks in a brown carton.

Another waste reduction occurs when soap (fatty acid), a by-product of the mill's operations, is sold to companies that break it down to make oil for use in cosmetics and tires.

## Community Affairs

Interstate has taken part in a university-industrial program with Georgia Southern College in Statesboro. The program, set up and funded by the Georgia Chamber of Commerce, enables management and faculty members to exchange places over an extended period of time. It is hoped that this exchange will create a better understanding between the business and academic worlds.

*FISHING'S FINE—The 650-acre lake that forms the final stage of the waste-treatment system enjoys a reputation for the best fishing around.*

Employees also participate in government, civic, and social activities in the multicounty area of Georgia where they live. Examples include the chairperson of a county hospital authority, a civic club president, a city council member, and a chamber of commerce president.

In 1972, IPC established a unique community consultants group that helps advise management of area businesses on a variety of minority and community matters.

In 1975, Interstate began a program with the Chatham County (Savannah) Association for Retarded Citizens to provide employment for mentally handicapped adults. This included hand-planting pine seedlings as part of the company's reforestation activities.

## Conclusion

"We have conclusively proved that industry and ecology can exist in the same place without significant damage to either," said Verross, IPC's vice president and general manager.

This accurately sums up what Interstate Paper has done in rural, coastal Georgia. It has helped boost the economy by directly and indirectly creating more than 2,000 jobs.

At the same time, it has been a model for the pulp and paper industry in demonstrating vigorously how to protect the environment. The firm has done this in innovative ways that have not only helped the ecology of the area, but have also been so economically feasible that it has not lost any money in carrying out these programs.

# INNER-CITY DEVELOPMENT

## Ideal Toy Corporation
## Newark, New Jersey

IN the mid-1960's, Newark, New Jersey, was a prime example of the urban decay afflicting so many of America's older and larger cities. The city was plagued by high unemployment, racked by riots, and reeling from the accelerated flight of business and industry to the suburbs.

By 1967, unemployment was hovering around the 14-percent level and rising, the minority population was close to 70 percent and rising, and the city's swollen welfare rolls continued to grow. Newark's future was bleak.

But some resilient and determined citizens refused to accept defeat. Encouraged by a new city administration, community leaders took stock of their assets and set out to rejuvenate Newark. With strong support from city hall, the effort was spearheaded by Newark's Industrial Development Corporation (NIDC), the Newark Housing Authority, and influential business executives.

One of Newark's assets was the vast expanse of swampland known as the "Meadowlands." Home to automobile graveyards, acres of oil and gas storage tanks, and an assortment of dilapidated buildings, the Meadowlands had one true asset: location.

### All Criteria Met

Within walking distance of Newark Airport, and 10 minutes by car from mid-town Manhattan, within sight of a major seaport, Port Newark, shoulder to shoulder with the main-line tracks of the Jersey Central railroad, and just east of the New Jersey Turnpike, the Meadowlands could be a key to attracting new industry to the area, city officials concluded. All they had to do was convince a good mix of businessmen and industrialists that the Meadowlands was an attractive industrial site.

*INFLATION WITH A SMILE—Inflating plastic toys, employees at the Ideal Toy Corp. in Newark, N.J., may be thinking of the smiles these dolls will bring.*

*FACE TO FACE—Painting faces on toy sharks tests steady hands and a sure eye for shape and color.*

At about this time, Ideal Toy Corporation, the Nation's sixth largest toy manufacturer, was looking for a new location for a major expansion of its existing plant facilities. What they required was accessibility to rail, truck, and sea routes, room for expansion, readily available low-cost labor, and a community ready and willing to simplify the company's move into the area.

All of these criteria existed at the Meadowlands. Ideal saw the potential but also saw that the site would take considerable preparation, and at a cost far greater than they could shoulder privately.

Encouraged by Ideal's interest in the area, Newark moved swiftly to answer the toy firm's inquiries, suggesting a "cooperative effort to reach a working relationship."

Representatives of the NIDC, the Newark Housing Authority, the U.S. Department of Housing and Urban Development (HUD), and the Economic Development Administration (EDA) of the U.S. Department of Commerce met with Ideal to work out the details. Edward J. Morris, then chief of the Business Development Division of EDA's Mid-Atlantic Area Office, coordinated the project for EDA. Company officials were told that if Ideal would locate in the Meadowlands, each of these Federal and State agencies would provide a package of financial and technical assistance to ensure the successful construction and completion of the facility.

## Public Action for Private Jobs

When officials of the toy company agreed to the proposal, they started a chain of events that, roughly a decade later, resulted in a modern 1-million-square-foot assembly and shipping facility. When fully operational in 1979, the plant will provide work for 1,200 to 1,500 previously unemployed and underemployed persons.

Both EDA and the Newark economic development agencies moved quickly to clear the way for this successful private enterprise to become a permanent resident of the area.

Because of its persistently high unemployment rate, the Newark area was eligible for EDA business development loan assistance for the construction and expansion of facilities like those Ideal had in mind. The company's overall plan called for a phased development that would, it was estimated, eventually create as many as 8,000 permanent jobs, filling most of them from the ranks of the unemployed and underemployed.

In reviewing the plan, EDA recognized that the immediate and long-range benefits of the first stage would provide jobs at a cost of $2,214 per job and yield strong economic impact at a reasonable investment.

The first phase of Ideal's plan was a 600,000-square-foot toy factory to be built on a 30-acre tract in the Meadowlands at a cost originally placed at $6,600,000. EDA's initial business development loan, approved in 1968, was for $4,290,000—65 percent of the project cost—to be repaid over 25 years at 4 3/4 percent interest. Additional financing was obtained from local banks; Ideal provided another $800,000 in equity funding; and site improvements were to be financed as part of a HUD urban renewal project.

*VARIETY—To maintain an attractive line draws on the imagination and talents of many employees at the Ideal Toy Corp.*

## Building in a Swamp

The city of Newark moved rapidly to clear title to the tract where the first building would be constructed. But, as with any project of this magnitude, problems arose.

Because the Meadowlands is a swamp, no building could be erected until pilings were driven, and the pilings were to be funded by HUD. The improvements were delayed because of protracted negotiations between the Newark Housing Authority, which owned the land, and HUD. Local labor disputes slowed things down further.

With each step forward, a new set of problems arose that threatened to bring the entire project to a grinding halt, related Joseph C. Winkler, Ideal's senior vice-president for finance. Thus, site work did not get underway until the spring of 1971. Because of the delay, increases in construction costs, minor modifications, and additional building code requirements raised the cost of the project to $10,600,000.

## Consolidation Is Profitable

Ideal went back to EDA, substantiated that the problems were not caused by the company, and requested additional financial and technical assistance. Early in 1972, EDA increased its loan by $1,500,000 to a total of $5,790,000, which would finance about 55 percent of the revised project cost, and provided technical assistance to help put the project on the right track. Other participants in the project also increased their loans to assist in the financing.

Construction proceeded, and the ultramodern toy manufacturing plant began operation in the spring of 1973. Fully air conditioned, the structure has indoor loading capacity for up to 28 trucks and 14 railroad boxcars at one time and, according to company officials, has pollution-free air, water, and noise-control systems. Completion of the plant enabled the company to concentrate most of its formerly scattered operations in Newark and its Hollis, New York, headquarters plant. The plant consolidation helped the company increase its profitability and reduced the lead time required to meet customer needs. What's more, it provided full-time and seasonal jobs for 800 to 1,000 workers.

## Phase Two Begins

As thousands of Rub-a-Dub dolls, Mighty Mo toy trucks, and Evel Knievel toy motorcycles came rolling off the new toy factory's assembly lines that first year, the top executives of Ideal recognized that they had made the right choice for their new operations and decided to proceed with phase two of their plan.

They applied to EDA for financing to continue. EDA agreed with Ideal's analysis of the situation and, in June 1974, approved a $5,200,000 business development loan to be repaid over 25 years at 7 1/2 percent interest, raising EDA's loan total for phases one and two of the Ideal plant to $10,990,000. The total cost for the building was $20,920,000. The other financing included $5 million in equity by Ideal, a $4.1 million loan from the First National State Bank of New Jersey, and $930,000 in loans from the New Jersey Area Redevelopment Administration.

When the first-stage Newark plant was built, the site was enlarged to 38 acres, and foundation preparations were made to provide for the second-phase expansion to a 1-million-square-foot facility on one floor under one roof. The second phase construction got underway in January 1976, and the expanded facility is expected to be fully operational sometime in 1979, adding another 400 to 500 persons to the plant's work force, Winkler said.

Impressive as Ideal's Newark plant is, its greatest impact has to be measured in human terms.

## Jobs for the Hard-Core

As the first-stage project reached its final stages of construction back in the early 1970's, something unusual occurred that amazes Winkler even today. People began to arrive at the plant by ones and twos, with greater and greater frequency, asking when the plant would be operational because they wanted jobs. For the most part, these people came from the depressed inner-city areas of Newark, almost half of them from nonwhite minorities and a nearly equal number from the city's large Portuguese population.

Within their communities, the news had spread that there would soon be jobs—jobs they could handle with their limited skills and language capabilities. And that's where the entire Ideal Toy Corporation project matured—in jobs for those who needed them most.

Whoever said the hard-core unemployed prefer unemployment as a way of life should spend an afternoon inside Ideal's Newark plant. As Matthew J. Hollwedel, Ideal's vice-president for manufacturing, put it, "I was—and still am—surprised at the attitude of the vast majority of our employees. When you consider the fact that most of them come off the hard-core unemployment lists and the long-term welfare rolls, we get very few malingerers, and our turnover rates are no different from normal turnover among regularly employed.

## Teaching Basics

"What has impressed us most," he added, "are the number of employees who arrive here without any apparent skills, and are totally unaccustomed to simply putting in a day's work. Many of them have literally had to be re-taught the basics of coming in, putting in a day's work today . . . and tomorrow . . . and tomorrow. For some of them, it was a tough job in itself," he explained, "not because they didn't want to work, but because they had forgotten how to."

Most surprisingly, Hollwedel related, a good number of these not only made a complete readjustment, but also outgrew their jobs, and moved out or up to better paying, more demanding jobs at Ideal or around Newark.

For so many of these people, the arrival of Ideal Toy Corporation provided them with not only a job, but a new lease on life. "If you're looking for the cost-effectiveness of EDA's assistance to us," concluded Hollwedel, "that's the bottom line."

From the employees' point of view, working at Ideal has been an open door to opportunity. As you walk down the assembly line and talk to employees, you learn that some hadn't been gainfully employed for years, others had been drifting from part-time job to part-time job. But all of them felt that Ideal was an economic beacon in a sea of troubles.

## Expansion Plans Made

Although the company's expansion timetable has been pushed back somewhat by the delays in getting the first Newark project underway, Winkler said, Ideal still expects to develop its full 85 acres in the Meadowlands with a plant that eventually will cover 2 million square feet. He added that the next building will probably be started in 1980 or 1981. The company still is looking toward ultimate employment at the Meadowlands facility of up to 8,000 persons, but Winkler noted that changes are taking place in the toy industry which tend to reduce the amount of labor required.

A part of Newark's Meadowlands Redevelopment Project under the sponsorship of the Newark Industrial Development Corporation, the Ideal facility is the largest single development of new manufacturing facilities

*TO MARKET—Unskilled and semi-skilled workers have found jobs and opportunities for new skill development on Ideal Toy Corp. assembly lines.*

in Newark since World War II. NIDC officials have said that they eventually hope to attract 40 or more firms to the area, providing well over 20,000 jobs.

Within the Newark city administration, the new Ideal Toy Corporation plant was hailed as a major step forward in long-term plans to turn the Meadowlands into a viable and productive redevelopment area. Mayor Kenneth Gibson, speaking at the groundbreaking ceremonies for the first stage of Ideal's plan, said, "The City of Newark welcomes Ideal Toy Corporation to the Meadowlands." Noting that the project would place emphasis on the unemployment of the unskilled, the mayor added, "This is where Newark's greatest economic need lies. The jobs to be developed through this project are the kind which give the best chance to unemployed persons in our city to get a fresh start in life."

Another analysis came from Bob Notte of Newark's Department of Housing and Urban Development. "For us, getting Ideal into Newark was a major step," he pointed out. "We had been trying for some time to attract a manufacturer who had a natural need for semi-skilled workers —the group who are most difficult to place. Ideal, with its assembly line approach, was, quite frankly, 'ideal.'

"Because of them, we have been able to place a good number of people from the unemployed and relief rolls into productive employment, and off the public dole," said Notte. "I can't give you exact figures, but I'd estimate that through Ideal, since 1973, several thousands of persons have been employed, either full time or seasonally, and we know from our own records that many of them have not returned to the public rolls.

"We could use a dozen more Ideals here in the Newark area."

# INFRASTRUCTURE FOR DEVELOPMENT

## Greenville Industries, Inc., & Greenville Utilities
## Greenville, North Carolina

IN the early 1960's, Greenville, North Carolina, was a county seat with an economy that depended largely on agriculture and the developing East Carolina University.

Mechanization was reducing jobs in the tobacco industry and unemployment was high. Tobacco was the major crop on area farms, and tobacco processing was a highly seasonal source of employment.

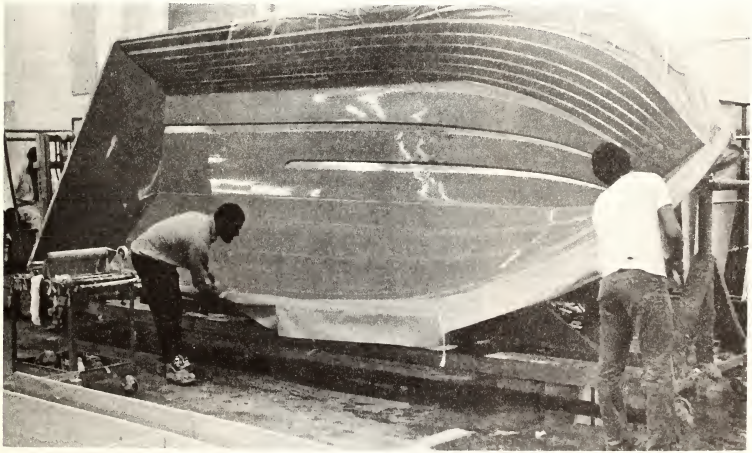
Area leaders knew that bringing in new industry was essential to the economy of Greenville and surrounding Pitt County, but it was not an easy task to attract industry to an agricultural area.

One problem was the city of Greenville's location, primarily on the south side of the Tar River, which flows through the central part of eastern North Carolina to become the Pamlico River and ultimately the Pamlico Sound. Although an excellent water source for Greenville, the river and its accompanying flood plain had been a barrier to growth northward.

On the north side of the river beyond the flood plain were a small commercial and residential area known as Meadowbrook and an airport constructed by the Federal Government and used for U.S. Marine pilot training during World War II. A sewage pumping station built by the Marines had been taken over by the city, and this supplied the sewer facilities for the area.

### Development Unit Organized

Recognizing the need to attract industry and concerned with the price of land, which seemed to be driving prospects away, a group of citizens reactivated Greenville Industries, Inc. The development corporation was organized with then-Mayor S. Eugene West as president, a position he still holds. Greenville



*BOATMAKER—Grady-White Boats, Inc., located its plant in the Greenville, N.C., industrial park, which had been developed with the help of public works grants from the Economic Development Administration.*

Industries sold stock to local citizens as a civic investment with the idea of purchasing land that could be offered at a reasonable price to industrial prospects.

According to W. W. Speight, Pitt County Attorney and general counsel for Greenville Industries, the local leaders determined this course of action after the North Carolina Department of Conservation and Development advised them that industry was not coming to Pitt County if adequate sites were not located and prepared.

Opportunity came in the form of the Dail Farm, located about 3 miles north of the Tar River near the Memorial Drive-Greene Street intersection, but well beyond the limited north side sewer facilities. The 260 acres were purchased by Greenville Industries and established as an industrial park.

In 1964, the industry seekers convinced Empire Brushes to locate its plant on the front part of the property. Although it was not possible to extend city sewer lines to the new plant, a portable sewage treatment plant was brought in to serve for a brief time.

## EDA Approves Grant

Greenville Utilities applied for an EDA grant to build a sewer outfall line which would serve Empire Brushes and also be adequate for future industrial development in the area north of the Tar River.

In March 1966, EDA funded $306,000 of the $613,000 sewer outfall project. "That, to me, opened up the area for industrial development," said Charles Horne, now director of Greenville Utilities.

Since then a multitude of industries have opened in the North Greenville area. In fact, the Dail Farm industrial park has virtually filled up, and Greenville Industries has purchased a 300-acre tract nearby known as the Hopkins Farm.

"I honestly believe that having the facilities there . . . not having to say they were going to be there . . . made the difference," Horne said.

## Return Called "Phenomenal"

There was, of course, no assurance that new industry would locate in the North Greenville area when the sewer outfall was constructed. They came, however, and Horne said he is "convinced that Greenville's return in jobs for the EDA dollars is phenomenal. It has produced far beyond what was expected . . . our own expectations and theirs, too."

Whether the project could have been done without EDA assistance is doubtful. "We didn't have the full $600,000," Horne said, "and to have financed the project entirely with local funds would surely have meant the necessity of a bond issue."

Plant officials in the industrial sector are unanimous in agreeing that having adequate water and sewer services was a plus for Greenville in attracting industry and fostering expansion of existing facilities.

"Water and sewer are the most important part in the site selection equation," one plant spokesman suggested, pointing out that industry does not want to speculate on the availability of these services.

*MACHINE TOOLING—Precision parts go into the assembly of products by Vermont American, a tool and die manufacturer in the Greenville industrial park.*

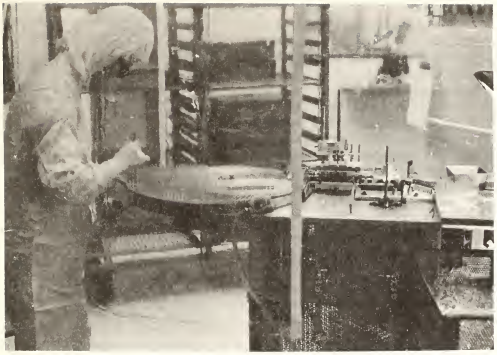
## Facilities Held Essential

Spokesman Luby Skinner of Fieldcrest Mills, wool processors, said that 75 new jobs were created in 1969 when the company opened new facilities in the industrial park, and the availability of water and sewer services in the area made investment in the facility possible.

Manager Robert Griffin, at Procter & Gamble's potato chip plant, cited the availability of water and sewer services as a "plus factor" in the company's selection of Greenville as a plant site and concluded that P&G "might not have located here had it not been for the available services."

The executive director of the Eastern Carolina Sheltered Workshop, Howard Dawkins, cited the "great impact" the EDA water and sewer grant had on Greenville and termed it "one of the finest things to happen" here. "We could not have located out here without water and sewer facilities," Dawkins pointed out. He mentioned that the workshop with 60 employees and 300 clients in training brings an "over half a million dollar salary base" annually to the community with a budget exceeding $1 million. According to Dawkins, the Sheltered Workshop, which began with a 15,000-square-foot facility on the industrial park site, has now expanded to 53,000 square feet.

Wiley Corbett, vice president at Grady-White Boats, Inc., which relocated several years ago from a downtown Greenville site to a new plant in the industrial park, said that the availability of water was the primary reason the site was chosen over another location in a nearby town. Sprinkler protection was a major consideration, he explained, "so we had to pick a site where water was available."



*FILLING VIALS—Burroughs-Wellcome, a pharmaceutical plant in the Greenville industrial park, is one of several area firms calling for skilled workers.*

Plant manager Robert Glutting of Vermont American, a tool and die manufacturer, related that existing water and sewer provisions were "absolutely essential" in the company's selection of Greenville as a plant site in 1966. Glutting said that "we had to have water and sewer in order to come here." Initial employment at the new Vermont American plant was 60 people, he reported, and the figure stayed at approximately that level until around 1976 when the staff was increased to 170 employees.

John Fadel of Eaton Corporation's Philadelphia, Pa., office commented, "if there had not been water and sewer available in Greenville and we could not arrange for the services, the site would have slipped in our ranking as a potential plant location." Fadel, who was involved in Eaton's facilities planning at the time Greenville was under consideration as a site, pointed out that "when we were doing our selection work, there was no problem with sewer and water services in Greenville. We looked at the daily capacity of the plant . . . and checked that item off as another thing that Greenville had."

The Eaton spokesman added that the water was essential for fire protection, and the sewer services met company needs. Eaton's electric forklift facility on the Greenville site opened in 1974.

## Growth Exceeds Projections

Water and sewer facilities also have been a factor in the decisions of a number of other firms to locate or expand their operations in the industrial park.

The industrial development spawned by the sewer outfall line constructed in North Greenville beginning in 1966 has brought on growth which has far exceeded the projections made by Greenville Utilities. Already planners are looking to major new projects which are going to be needed in the next few years.

It is apparent that effluent from the sewage treatment plant is going to have to be treated to a higher degree. This could mean major improvements to the present plant or an entirely new facility to be constructed north of the Tar with a cost estimated at $10 million.

Finally, planners foresee the necessity for $4 million to $5 million in water and sewer line extensions, along with additional water storage tanks and other facilities throughout the system.

Reese Hart, executive director of the Pitt County Development Commission, observed that the "farsightedness of the administrative leadership of EDA has been one of the most important things in providing sound, well-managed assistance to communities like Greenville when Greenville needed help."

Hart, who is actively involved in the recruitment of new industry for the county through the development commission, suggested that the grant money that helped provide the critical water and sewerage extensions has "returned a thousandfold" since the initial investment. The water and sewer investment, he added, was followed by road, rail, and electrical improvements in the area.

## Private Investment Exceeds $70 Million

"Optimism is shared by local officials that additional quality investments will be made in the community in the near future," Hart said.

The companies located in the industrial park area represent a capital investment in excess of $70

million, according to Hart, and provide some 2,500 jobs for area citizens. He said that development here following the EDA grant has meant roughly a 100-percent increase in the industrial job situation and has resulted in doubling the total manufacturing wages paid in the county.

The industrial growth of the city, he noted, has improved the quality of housing, helped make the new Pitt County Memorial Hospital a reality, and elevated Greenville to the position of a regional shopping center, "in part caused by the demand of new people brought here by industry." Hart said that retail sales here of $335 million in 1976 led the eastern sector of North Carolina.

*DRILL—This North American Fiberglass plant worker in the Greenville industrial park produces seats for pleasure boats. EDA planning and public works grants paved the way.*

## "Blue Chip" Industry Attracted

Since 1969, nothing but "blue chip" industry listed on major stock exchanges has located here, Hart added. Of the 10 industries that located in the area served by the water and sewer extensions, 4 (Procter & Gamble, Empire Brushes, Vermont American, and North American Fiberglass) have undergone, or are in the process of undertaking, major capital growth at a figure estimated at some $18 million.

Hart said that the EDA program efforts coincided with the efforts of Greenville Industries, Inc., the chamber of commerce, local banks, the railroads, and Greenville Utilities and focused on the area as a community awakening to the possibility of economic growth.

Not only have the new industries developed in the area, but an entirely new highway system has also been developed. A new four-lane controlled-access eastern bypass and bridge have opened up the north side to the southeast commercial and residential portion of the city.

In the fall of 1977, a second lane and bridge on the western Memorial Drive were completed and opened to traffic so that the growing industrial area is encircled with a modern highway system.

The State Department of Transportation also cut a road into the Dail Farm, and a new road, Industrial Boulevard, was built behind the new and expanding Procter & Gamble plant to serve that and other industries. A Seaboard Coastline railroad spur is also being built alongside Industrial Boulevard to serve present and future industries. In addition, several other spurs were constructed to provide rail services directly to industries.

## Other EDA Grants

While the 1966 EDA grant was the key to stimulating industrial growth, it was not to be the last important EDA grant for utilities construction in Greenville.

- In January 1971, a $300,000 project was funded to improve gas facilities. An EDA grant provided $166,000 of it.
- At the same time, a $1,200,000 project was funded for general system and water plant improvements to support the industrial area. Some $615,000 of the funds came from an EDA grant.
- A $1,300,000 project also was begun in early 1971 to increase the capacity of the sewage treatment plant from 4 to 8 million gallons daily, with $376,000 coming from EDA.
- More recently, an EDA grant of $224,000 has been approved for sewer system improvements in the western edge of Greenville. The project, costing $400,000, is particularly important because it serves the new Pitt County Hospital, opened in 1977, and the $25-million East Carolina University Medical School which is being built adjacent to the new hospital.

The sewer line, completed in January 1977, also serves the Walter B. Jones Alcoholic Rehabilitation Center that had used a portable treatment facility for some time. The outfall provides additional sewer service to a growing doctors park west of the hospital complex where new development is expected to be generated.

## Industrial Sites Paying Off

Over a period of time, the Greenville Industries venture has been highly successful. All but 7 acres of the Dail Farm has been sold to industries or industrial-related functions, and one industry has been located on the Hopkins Farm. Now all indebtedness has been paid off, and Greenville Industries has 250 acres to offer as industrial sites. Stockholders who originally purchased shares have received dividends representing 20 percent on their original investments.

"The location of worthwhile industry means more to the community than just selling land,"

county attorney Speight said. He stresses the cooperative efforts of various civic leaders, county officials, Greenville Utilities, and the city of Greenville in bringing about the accomplishments of the past dozen years.

The EDA grants which helped provide sewer facilities to the area have brought "results gratifying to all of us,"Speight said. "They were highly beneficial and contributed immeasurably to our success."

R. Wallace Howard, senior vice president and regional executive for Wachovia Bank and Trust Co., was a leader in the early efforts to reactivate Greenville Industries, Inc. and attract industry to Pitt County. "It takes the wisdom of hindsight to see how important it was that that area was set aside and the dream of an industrial park was envisioned in the 1960's," he said.

## University Center Significant

Pitt County, along with 31 other eastern North Carolina counties, is served by the East Carolina University Regional Development Institute. Founded in 1964, the institute has been located since 1974 in a modern office and auditorium building in downtown Greenville. The $491,300 building was constructed with State and Federal funds, including $245,000 from EDA. Over a 61-month period ending in 1971, the institute received grants from EDA which led to expansion of its staff. The institute's objectives required that activities and resources be directed toward "practical research and its application to the field of economic development." Its services include: information, community development, business assistance, a conference center, and special studies.

On July 13, 1972, Pat Choate, then Director of EDA's Southeastern Regional Office, wrote to institute director Thomas W. Willis, "Unquestionably, yours is one of the finest university efforts to assist the local economy in the Southeastern United States."

East Carolina University Chancellor Leo W. Jenkins said, "The establishment of the East Carolina University Regional Development Institute was one of the most significant efforts ever undertaken by this institution. This facility, which serves 32 counties and more than 200 cities in eastern North Carolina, could not have been possible without the aid of the Economic Development Administration, which gave direct assistance for over 5 years. The institute has profoundly helped the economic development of this region."

Among the benefits of the industrial growth in North Greenville is the increased use of the Pitt-Greenville airport facility. Its use has grown as industry has developed and Pitt-Greenville was recently described by Will Plentl, State Department of Transportation's director of aeronautics, as "the third busiest general aviation airport in North Carolina and an important business airport."

Wheeler Air Lines instituted commuter air service at Pitt-Greenville with the help of a grant from the Coastal Plains Regional Commission. Wheeler now has daily flights to Raleigh-Durham Airport, 100 miles west of Greenville, where connections can be made to most destinations.

Regular air service is available to Pitt County residents at Kinston, less than 30 miles away. Stallings Airport in Kinston is served by Piedmont Air Lines. EDA has made a grant to the Kinston airport for a new terminal building.

Another EDA grant of $243,000 went to Farmville in western Pitt County in 1973 and has benefited the area's economy. The funds were used to improve Farmville's water system. The water line serves several industries, including the Collins and Aikman textile plant and A. C. Monk and Co., Inc., a major tobacco processing plant, along with a number of rural homes.

## Statistics Reflect Growth

The growth of Greenville and surrounding area is reflected in local statistics. In 1960 Greenville's population was 22,860 according to the U.S. Bureau of the Census. The figure had grown to 29,063, in the 1970 census, and Greenville's 1977 population was estimated at 37,500, according to the Greenville Area Chamber of Commerce.

Pitt County's retail sales for 1966 were $127,415,372. Ten years later in 1976, the county's retail sales totaled $339,247,747.

Greenville Utilities had 14,847 electric meters in service in 1966. This had jumped to 22,339 meters in service in 1977.

The industrial growth has been a major source of new revenue for the Pitt County government. County tax records show that the major industries in the North Greenville area in 1977 had a tax valuation totaling $113,395,360, a large portion of which was in inventories. At the fiscal 1977-78 county tax rate, this produced tax revenues of $1,043,237.

Greenville is a part of the Mid-East Economic Development Commission which embraces Pitt, Martin, Bertie, Hertford, and Beaufort Counties. The city has been designated a growth center for the area, signifying its capacity to attract social and cultural offerings and provide job opportunities and social services for nearby counties that are EDA-designated redevelopment areas.

Wachovia Bank and Trust Co. executive Howard summed up the local industry-seeking efforts, "the really important thing that has occurred with all this development is the patience shown by the people involved in making certain the industry that has been attracted has been the highest type, with stable, high-paying jobs."

# STRUCTURAL AND TECHNOLOGICAL UNEMPLOYMENT

## South St. Paul Industrial Yards
## South St. Paul, Minnesota

*INDUSTRIAL SUBURB—South St. Paul's industrial yards look this way today.*

"A solid community will not disintegrate if it works together," said Robert Hansen, former executive director of South St. Paul's Economic Development Authority. Hansen was responsible for launching the city's first development program after its major industry closed and left thousands jobless in 1969. The solid community he is referring to is the joint partnership of citizens and businessmen that is attempting to bring South St. Paul into the running as a diversified industrial and commercial center.

South St. Paul is a community of 22,500 persons just outside the Minneapolis-St. Paul metropolis. At one time, this city was not much more than a livestock stopover along the Mississippi River. With the arrival of the railroad in 1865, and thousands of head of livestock passing through yearly on their way to the Chicago market, South St. Paul emerged as a livestock center.

As the Midwest evolved as the Nation's center for livestock and agricultural production, so did the interest in developing South St. Paul for industry. Swift and Armour, two major meat processors, built plants in the area. It was their successful operations that enabled South St. Paul to become one of the top-ranking stockyard areas in the country.

South St. Paul became a major source for jobs. As a result, many immigrants skilled in meat processing techniques settled in the community. Development of the town occurred on two fronts, along the river flats for industry, and along the bluff above the Mississippi for homes.

### Downtown Decline Begins

For the next seven decades, South St. Paul enjoyed the good fortune of having a steady source of employment, a highly skilled labor force, a prime location, and the transportation access to pull it all together.

Thousands of head of cattle, hogs, and sheep from Minnesota, Montana, North and South Dakota, Wisconsin, and Canada arrived daily to be bought, sold, shipped, or processed in meat packing plants. As the stockyards prospered, so did the town and its retailers, merchants, insurance companies, and banks.

But by the mid-1950's, there was scattered concern over the slow deterioration of the downtown area. Some even thought South St. Paul was too dependent on the

meat packing industry for its own good. But the apparent prosperity of the times did not lend enough credence to this claim. Even so, many attempts were made to come to terms with the ravages of blight, deterioration, and job losses.

In 1968 South St. Paul's Housing and Development Authority, with the approval of the city council, sought to arrest deterioration of the central business district through a large-scale urban renewal program.

The following year, Phil Woog, then mayor of South St. Paul, organized a committee of bankers, businessmen, merchants, union leaders, and other community members to take a hard look at the city's future. Out of the Mayor's Economic Development Committee grew a number of development organizations.

## Largest Employer Closes Plant

In 1969 the city's largest industry, Swift and Company, closed its South St. Paul operations, and 2,650 people lost their jobs. The plant's closing raised the unemployment level from 3.1 to 6.7 percent.

It wasn't until then that the community fully realized that South St. Paul was confronted with functional obsolescence and heavy competition from other areas. Many industries were moving to other States to take advantage of lower labor and operating costs and tax incentives. Product life cycles, too, compelled these industries to reevaluate internal costs, rising taxes, and obsolete plants in light of competition.

The Economic Development Administration joined with South St. Paul to carry out its job-building campaign. In September 1969, EDA designated the city eligible for financial aid as part of EDA's mission to help economically lagging areas and communities create jobs through industrial and commercial growth. The designation, under the Public Works and Economic Development Act of 1965, offers assistance to communities suffering from an abrupt rise in unemployment due to economic dislocation.

The need for a well-planned approach to long-term solutions to South St. Paul's problems was evident. Future, Inc., a local development committee, was formed in 1970, establishing an operating arm for the community. The following year, the Department of Housing and Urban Development (HUD) designated South St. Paul as a Neighborhood Development Program area.

## EDA Helps Fund Planning

The city of South St. Paul was required by EDA to draw up an Overall Economic Development Program since Federal financial assistance could be provided only for projects consistent with an approved development program.

To achieve this preliminary goal, EDA then approved a technical assistance grant to provide the services of a professional economic developer for the South St. Paul Economic Development Authority. Working hand in hand with city agencies, local development organizations, and the chamber of commerce, the Authority was responsible for attracting job-generating industry to diversify South St. Paul's economy and reduce unemployment.

The city's loss of employment substantially lowered the tax base and reduced buying power in South St. Paul and surrounding communities. Furthermore, the deteriorating industrial and downtown areas characterized South St. Paul as a town on the way down.

Local planners were very much aware that the city's industrial attributes, once attractive to the meat packing industry, were now among the reasons causing the packers to leave. Antiquated facilities, which hindered the adoption of innovative production methods, along with increasing demands on the transportation system, were stacked up against South St. Paul.

## City Uses Its Resources

Bordered on the east by the Mississippi River, on the west by St. Paul, West St. Paul, and Invergrove Heights, the city had nowhere to grow. There was no choice but to improve and market existing industrial land.

*HIGHEST PAID SKILL—South St. Paul continues to be a center for meat processing—"the highest paid skill in the area," says Robert Hansen, former executive director of South St. Paul's Economic Development Authority.*

What South St. Paul had going for it needed to be utilized fully. The area was already brimming with a trained labor force, and large tracts of land were available for linear industrial development. In addition, the river, rail, and air access that create a marketplace were available at yesterday's prices.

*KEY INGREDIENTS—A skilled labor force, a prime location, and good transportation facilities make South St. Paul the diversified industrial-commercial center it is.*

Armed with an EDA investment of $212,000 in technical assistance and $2,433,000 in public works grants, South St. Paul has continued its growth campaign. This has resulted in a total combined public and private investment of $30 million for industrial and commercial development, the creation of 850 new jobs, a built-up tax base, establishment of a vocational-technical school, and the development of roadways, and other access into industrial areas.

An EDA public works grant of $1,034,500 in 1973 helped fund water system and street improvements, and resulted in transportation changes which promise to have an important impact on the future development of South St. Paul. As a result of the project, railroad tracks which had separated South St. Paul's commercial and industrial areas were relocated next to the river—a move which was not only beneficial to industrial and commercial growth, but which provided emergency access for fire engines and ambulances without interference from long trains.

"It took 5 years for the city to gather its resources and put it all together to get the job done," Hansen said. "A community should not just be the recipient of a government giveaway; there should be a real commitment on the part of its citizens."

## Local-Federal Funding Used

In 1974, South St. Paul created a Department of Community Development, and the city public works, housing redevelopment, and economic development staffs were merged to update and revise the city's comprehensive plan. Projects, some funded with Federal community development funds, were begun to upgrade poorly maintained roads, reduce developing blight along the industrial corridor, and provide exposure for vacant lands.

In addition to Federal assistance, local bonds and other financing have provided a vehicle for local development.

This is not to say that development efforts met only with success. Between 1967 and 1977, nine major sources of employment curtailed or ceased their operations completely, eliminating a total of 6,360 jobs. Following is a company by company breakdown of the jobs lost during that period:

| *Year* | *Firm* | *Jobs Eliminated* | *Reason* |
|---|---|---|---|
| 1967 | Mando Paper ..... | 40 | Terminated operations |
| 1969 | Swift ..... | 2,650 | Closed plant |
| 1969-76 | Armour ..... | 3,050 | Reduced operations |
| 1970 | Southview Chevrolet .. | 123 | Moved out of town |
| 1972 | American Lumber .... | 100 | Closed plant |
| 1974 | Metro Meats ..... | 220 | Closed |
| 1975 | Kostka Electric ..... | 45 | Liquidated |
| 1976 | Town and Country ... | 100 | Liquidated |
| 1976 | Inland Paper ..... | 32 | Closed |
| | Total jobs eliminated .... | 6,360 | |

Several new businesses, including Metro Meats and Inland Paper, encountered operational difficulties and closed. These events, coupled with Armour's layoff of 400 additional employees, were disheartening to some. But the people involved in and committed to the redevelopment of South St. Paul were not discouraged. They saw the importance of convincing other businesses, in particular the meat packing companies, to move to their city.

## Skill Center Places Graduates

A joint effort between EDA and South St. Paul established a skill center to train students as retail and wholesale meatcutters. Originally started with just 13 students, the Vo-Tech Center is now training 45 persons and has a waiting list of 150 interested applicants.

Class sessions have been extended from one to two sessions a day. The center turns out qualified graduates every 6 months. Instructors and advisory board members, many of whom are members of unions, labor organizations, retail establishments, and wholesale operations, assist graduates in finding jobs. Approximately

87 percent of Vo-Tech's graduates are placed in appropriate positions, according to Clarence Andell, Vo-Tech principal.

Other endeavors to enhance the area, such as street, sewer, water, public access, and utilities improvements, hopefully will offset job losses and provide opportunities for further industrial and commercial establishment and expansion.

Upgraded land has attracted new enterprises to the area which have been moderately successful. Industrial development bonds, tax increment bonds, and other development incentives have helped many businesses, including:

| | *Number of employees* |
|---|---|
| Farwell, Ozmun, Kirk & Co. | 354 |
| Miller Manufacturing | 18 |
| Thru-Blu, Inc. | 55 |
| Fearing Manufacturing Co. | 45 |
| Twin City Hide & Fur Co. | 60 |
| Waterous Co., Inc. | 300 |
| Metro Meats (back in operation since May 1978) | 175 |
| Town and Country (back in business under new management since March 1978) | 78 |
| Inland Paper (back in operation as a warehouse since June 1978) | 20 |
| Total employees | 1,105 |

Thru-Blu, Inc., received EDA business development assistance in 1973 to purchase and renovate an existing building. The $744,000 loan further helped the company install needed machinery in its tannery operation. Although Thru-Blu encountered financial difficulties when the original owner sold out to another operator, the firm is now operating profitably. As a direct result, 55 jobs with a weekly payroll of about $12,000 have been created for the unemployed of the South St. Paul area, and Thru-Blu is planning a 15,000-square-foot plant expansion.

"South St. Paul is really gearing up to get out in the market. A major tenant, perhaps the establishment of a modern shopping center, will be the key. Then the rest will follow," said Robert Branham, president of the Northwestern National Bank and one of the businessmen committed to redevelopment of the area.

Tom MacMahon, city engineer for South St. Paul in 1970 and later director of the Department of Community Development, said, "My experience in South St. Paul told me that you can still maintain a local identity. South St. Paul's problems actually started before Swift closed in 1969. . . . But when Swift closed . . . businessmen took it upon their shoulders to attract industry, to get assistance, and to decide where and how planning should occur. EDA programs probably involved far less delay and bureaucracy than any Federal program I could think of. EDA had the competency and the practical approach to pull it off."

## Community Looks to Future

South St. Paul has come a long way, but it still has much to do.

Recent layoffs from Armour have been discouraging but have not deterred those with ideas for the future. A new generation is tackling the problems now, including Steve Apfelbacher, director of Community Development and executive director of the Economic Development Authority. "I'm optimistic about the future of South St. Paul. The city has an ideal location, and I think the infrastructure and planning have been completed that will allow for the industrial development of the area," Apfelbacher said.

*PARTNERSHIP — EDA and South St. Paul jointly funded construction of a skill center to train students as meatcutters.*

Plans to develop 100 acres of land on the north end of town and the Packer-River Terminal to the south are now being pursued. When fully operational, the terminal is expected to provide 90 to 125 jobs. An application has been filed with EDA for assistance in constructing an access road to improve transportation in the terminal area.

South St. Paul is a city with an eye toward the future. It has much more going for it than a good industrial location. It has an expertise that could only be acquired from the hard lessons of the past. It is the combination of experience and dedication that is helping South St. Paul become once again a viable industrial and commercial center in the Midwest.

# BOOMTOWN PROBLEMS

## Gillette, Wyoming

THE city of Gillette drilled for water but struck oil, and that's the way it has been for the past 18 years.

In those 18 years, Gillette, a small town in northeastern Wyoming, has changed from a group of houses and a railroad depot servicing a ranching and farming community to a mining boomtown, growing at the rate of 15 to 20 percent a year.

Oil was discovered in 1960, and with it came the first boom, doubling the population to 7,000.

Then in the early seventies the coal boom occurred, and in 5 years the population has risen to 12,500. The exploding growth is expected to level off in 1985 at around 35,000 people, but the future doesn't stop there. If the Nation goes to coal gasification to replace natural gas, according to Gillette Mayor Mike Enzi, a third boom will hit, and the population could reach between 75,000 and 100,000 people, making Gillette one of the largest cities in Wyoming.

There's another side to the story of the town with the Midas touch. When you're thirsty and you need water, oil doesn't help. Gillette needs water, sewers, doctors, nurses, and social workers. It also needs public transportation, affordable housing, social programs, . . . and money.

### Wealthy Area, Poor Town

In spite of the surrounding wealth, Gillette is a poor town. There is a tax lag, and the revenues coming into the city's coffers haven't caught up with the growth needs. Gillette is growing faster than it can afford economically and is building water and sewage plants for a future city of 35,000, but is paying for it with the revenues from a city of 12,500. Without money and with the crushing weight of rapidly becoming a large city, Gillette has had to turn to other financial sources for survival.

The issue becomes even more cloudy when much of the available

*TWENTY BELOW—A long, harsh winter is only one of the problems the people of Gillette, Wyo., must face. Now a surge in coal mining means new responsibilities in planning the community's economic future.*

grant money, according to city officials, is being used to help alleviate problems and unemployment in large industrial cities.

"With the situation with coal and the lack of policies, you really can't show the bond market that we're ever going to have that number of people around, and it even becomes more difficult to show that you are going to be able to make nice, evenly staged payments every year," Mayor Enzi elaborated. "What we need for a solution is some kind of a loan guarantee, so that when what is projected doesn't happen, we're not filing for bankruptcy."

## High Stress Is a Problem

There's another aspect to Gillette's problem, other than the lack of money.

"There's a high stress situation here," Jo Ann Wzorek, former coordinator of the Gillette Human Services Project, explained. "Things are happening here that a normal human being coming into the community with his head together would have difficulty coping with."

Suzey Abrams, a public health nurse, added: "You think you're going to die from just the stress. Then you get a person who might not be normal, who is coming here because he wants to make money. He has problems to start with, and he brings his problems with him. The stress really mounts up."

"I've seen families with 10 kids living in a 10-by-55-foot trailer," Bob Kuchera, director of the Department of Public Assistance and Social Services (DPASS), said.

"It's not what they need, it's what they can get. You see them squeezed in. Tensions get pretty bad. If the father has had a bad day at work and needs rest, and the kids have had a bad day, yelling and screaming, the whole thing gets pretty explosive, a tension-building kind of thing. When a kid lets loose, the father hits him harder than he would if he didn't have all the tension, and as a result, a DPASS case is set up."

## Soaring Prices, Heavy Traffic

There has been a 300-percent increase in the reporting of child abuse and neglect cases in Campbell County, and with a staff of only two social workers and a director, these are virtually the only problems the agency is handling.

"The only recreation is drinking, which creates child abuse, which just compounds itself again and again and again," Kuchera concluded.

The stress-creating problems are numerous. The cost of housing, when it is available, has skyrocketed. A $20,000 house in Cheyenne costs $50,000 in Gillette. Traffic is unbearable, and the wait in the cashier line in the grocery store takes an hour. There are few doctors, so most of the primary health care falls to public health nurses who are forced to devote most of their time to newborns. Working hours are long and hard, and recreation is limited.

Living in Gillette today is very much like living must have been in any of the hundreds of mining boomtowns throughout the West 100 years ago. Sociologists say that those towns, now deserted ghost towns, had many of the same problems Gillette has, but Gillette is solving its problems differently.

## University Program Helps

One of the solutions started at the University of Wyoming with a new program, designed to aid impacted communities, called the Wyoming Human Services Project. The idea was to send a team of graduate students into an impacted area to live and work in the community. For 20 hours a week, team members work in city and county agencies, providing additional manpower to the understaffed agencies, working as social workers, nurses, lawyers, and administrators. In these positions they help the agencies professionally, as well as with additional manpower. For the second 20 hours of a week, the students function as team members with the Human Services Project, helping the community by delivering human services.

By working as a public health nurse, for example, a team member assesses the community's health needs from actual experience. Team members from other disciplines, such as social work, law, and administration, do the same in their fields. Then, together they look at the same problems, each from a different professional point of view, determine needs, and initiate projects to help alleviate those problems.

On the basis of a grant proposal written and submitted to the National Institute of Mental Health (NIMH), the university received a 5-year grant from NIMH to train teams to go into impacted communities. That took care of half the problem; the unsolved half was the funding of the teams in the field.

*HOUSING HARDSHIP—The cost of housing in Gillette is measured, not only in dollars, but in stress-creating problems caused by overcrowding. Some of the trailer homes in Gillette house families of eight to ten members.*

## EDA Provides Funding

Mayor Enzi and the University of Wyoming also wrote a grant proposal to the Economic Development Administration (EDA). A 1-year grant of $60,000 was awarded in June 1975, and the Gillette Human Services Project was born.

In September 1975, the first team of seven young graduates from the University of Wyoming arrived in Gillette, along with a field advisor.

Suzey Abrams, a team member from the first year, laughed, "I was going to come here and save Gillette." When she arrived, Suzey found the situation different from the classroom. "Everything was confusing.

"We struggled the first 3 or 4 months. We met every afternoon. There was a craziness in the air. We didn't know our roles in the community. There were no guidelines, no descriptions."

"We were a solution looking for a problem," Felix Sowada, a team lawyer, explained. "There were times that we wouldn't know what to do. We would spend a whole week just piddling around, wondering what the hell to do. It wasn't all good."

"When we first came here," Abrams added, "Jay O'Reed—the superintendent of the public schools—thought we were just another Federal program, another group coming to Gillette to study it, and to do nothing."

## Community Joins Effort

Kuchera had much the same feelings. "When the whole thing started, I was rather skeptical. They were going to bring some people, and we were going to tell them all the problems and educate them to all the factors that are here—then they're going to go away."

"The community was not overly receptive," Abrams continued. "But because we were young and graduates, we were not a threat either. We were just some kids getting together, and what harm could we do? They didn't have any expectation of the team ever succeeding. They didn't take us seriously, and those first months just reinforced that. We were meeting, but we weren't doing anything.

"After we started doing things, the whole community was just shocked," she paused, "just shocked."

*FILLING THE MEDICAL GAP—Public Health Nurse Suzey Abrams provides many Gillette babies with medical care. She is a member of the EDA-funded Human Services Project team working in the Wyoming boomtown.*

Ideas started coming in from team members working at different agencies, from community people, and from an advisory board of local people. One of the first projects was a youth attention home, called the YES (Youth Emergency Service) Home. The idea for the home, like

so many project ideas, came from the community.

Much of the time the team took an idea from the community, developed it, turned it into reality and then returned the fledgling organization back to the community.

## Team Promotes Awareness

"Acting as a catalyst had to be their major role," Enzi commented. "It wasn't a situation where the problems weren't recognized, but the catalyst wasn't there."

City Administrator Flip McConaughy, who came to Gillette in 1976 during the project's second year, added his similar opinion. "They served as a focal point for the concerns of the community," he said. "People in the community wanted to do things, but they didn't have the expertise, such as social services, law, and administration, to put a program together and get it started. The team provided that. I think the concern and support was already here, but they needed some place for that to be focused."

"We also provided a catalyst for enthusiasm," Dave Ebertz, another first-year team member related. "I think this helped get other people in the community enthusiastic about the same problems we were enthusiastic about.

"We also provided an awareness among a lot of people who would not really be aware of a problem, of, say, child abuse. The fact that we publicized the YES Home, in reference to child abuse and runaways, made these problems more visible," Ebertz said.

## Rural Town to City

Project problems were the same for everyone, but for team members designated to work in city hall, the assignment was entirely different. The city of Gillette was in a period of transformation from a small western conservative town, where a "less government, the better," attitude prevailed, to a major energy-producing city. In other words, Gillette was stepping out of the nineteenth century and into the twentieth.

When the team first arrived, the city had a part-time mayor and a full-time city planner. That was the extent of the professional staff. Out of the first team, one team member was assigned to work as the city administrator and another as city attorney.

"The project came to Gillette at a fortuitous time," Sowada said. "The most dramatic part—maybe because I hung around city hall—was city hall. It really just turned around. It was compressing 50 years into 5, transforming a small rural town to, by Wyoming standards, a large city. We were changing from what was a small rural town where records were kept on the backs of envelopes."

Working in city hall, the team members were helping build a government for the future. They spent a great deal of time recodifying all the city ordinances—a massive job which isn't completed yet—and designing the city government, which included writing job descriptions, budget writing, land planning, working with internal police problems and police procedures. Some of the work wasn't what they had planned on in college; when a city judge was sick, a team member sat on the bench for him.

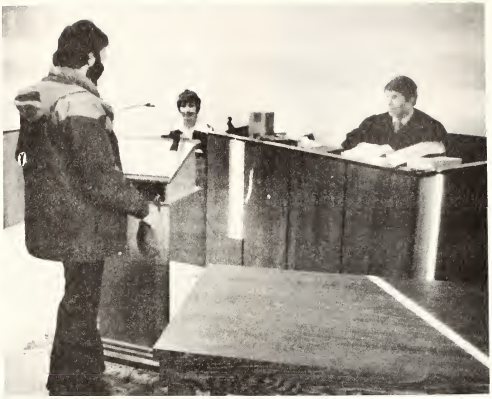
## City Relieved of Some Problems

The lawyer's role is important, beyond what is set down on paper in a job description. "In a growth community, we are in court a good deal of the time, because we're doing a great number of different things, and any time there is change there is a chance it is going to be questioned," Enzi said. "When it is, one of the forms for questioning is the courts, so we needed additional help there."

Aside from creating jobs on paper, city hall team members were able to show the community that the jobs were actually needed.

The mayor continued. "The city administrator helped sell the permanent position. People could see that it wasn't just some more government bureaucracy being poured into the works. . . . He was doing tasks that before were let slip by simply because we didn't have the manpower and the professionalism to handle it. The same was pretty much true of the city attorney."

*IDEAS INTO ACTION—An impressive number of problem-solving agencies have been started by the Gillette Human Services Project team and then taken over by the community. Here, team members Phil Bobrow (left) and Mike O'Hashi prepare materials for the Big Brothers/Big Sisters project.*



*COURT IN SESSION—Felix Sowada, presiding, completed his term as Human Services Project team attorney as a local judge, appointed and approved by the community. Earlier he had helped recodify the city's laws.*

There were additional benefits to the local government from staff members working both inside and outside city hall. "We took the pressure off the city to worry about other things," Ebertz said.

McConnaughy, the city administrator, elaborated, "One of the biggest advantages from our standpoint, was that we were spending all our time, all our money, just trying to maintain, improve, and expand the physical infrastructure of the community, like the streets, the water, the sewer, and police protection. The Gillette Human Services Project filled a need for social programs. They functioned in one area, letting us devote more of our resources to the physical structure of the community."

Bob Kuchera added that the team not only took pressure off city hall, it also took pressure off other agencies like DPASS. "There are a lot of things in the community that need to be done, but you need someone to do them. We don't have an option. When a crisis comes in, we have to handle it.

"What happens is that you get so you're so involved with the day-to-day crises, just to do the preventive work is very, very difficult. You have lots of ideas in your head as to what has to be done, but you don't have the time to implement them. These people, the team members, we could just dump the ideas on," said Kuchera.

## Major City Solutions

The list of agencies started and taken over by the community in 2 years is impressive. They include: the YES Home, United Way, Planned Parenthood, Parents Without Partners, Big Brothers, Big Sisters, the Powder River Drug and Alcohol Abuse and Walk-In Counseling Center, a help line, a project to upgrade and increase the numbers of day-care centers, and the Gillette Information and Volunteer Program. There is a project for high school students to visit the elderly in nursing homes, and a Senior Citizen Center. Still in the planning stages are a venereal disease clinic and a "mini-human services" building.

The services are not unique and can be found in any major city. The problem is that Gillette isn't a major city, but it has major-city problems. Now Gillette has major-city solutions.

The picture of what the Gillette Human Services Project accomplished is broad, touching a great many areas both directly and indirectly. It has played a role in the transition of Gillette from a small town to a city, providing personnel and expertise to help various agencies cope with crisis after crisis, then providing the same personnel and expertise to develop the preventive programs full-time staff people didn't have time to work on.

## Catalyst for Change

The team showed the need for jobs, and defined them in city hall, also working long hours on laborious tasks—like the recodification of city ordinances—and writing budgets, working on land planning, and defending the changes in court.

The team was a catalyst for change and enthusiasm, and created an awareness of social problems. Yet, few people were even aware of the team's existence or gave them credit for their accomplishments. Their primary role was in getting projects started, then turning them back to the community and gradually phasing themselves out.

In a rural, western, conservative State, populated with ranchers and farmers, there is a reluctance to take money, especially from the Federal Government, when they feel they can handle the problems by themselves.

Jo Ann Wzorek provided an example. "The school district here doesn't take a nickel from the Feds. They receive no free lunch program, no nothing. As long as Campbell County can afford their own lunch program, they give free lunches to all the kids who need them. It's better to do it all yourself, then you don't have to answer to anybody."

## EDA Holds to Support

One thing that the project has done is make some of the more conservative townspeople less afraid of Federal money, because they can see the good it has done.

EDA also realized the worth of the project. The program was funded for a second year, this time with a grant of $88,585, bringing the total 2-year funding to $148,585.

The second year programs, like those of the first year, were absorbed into the community, along with many of the team members.

Charlie Anderson filled the spot he had created, then filled as a team member, becoming Gillette's city attorney. Susan Brown became a house parent and administrator for the YES Home, one of the projects she helped start. Phil Bobrow founded Big Brothers, then along with six others, applied for the directorship of the agency when the position opened up. Bobrow is now the director of the agency, and part of his job is finding funds.

Dave Ebertz created the position of city administrator, but declined the job when it was offered to him, saying he wasn't ready for it. Suzey Abrams became a public health nurse, which is what she had done when she was with the team. Felix Sowada, the attorney on the second year's team, was appointed and approved by the community as Gillette's third justice of the peace—which in Wyoming judicial structure is a judgeship hearing both criminal and civil cases—making him one of the youngest judges in the State.

With EDA's participation in the program completed, the Gillette Human Services Project now has an office which team members are trying to make into a permanent Human Services Center. The city of Gillette hired and is paying the two team members on the project, having them work in city hall half the time and on human services the other half.

## Community Taking Over

According to Mayor Enzi, "The city has seen enough benefit from the program to continue its two positions. We're doing what needs to be done with the program, which is have the community take it over, but this is going to be the trial year on it. A year from now the people working on the project won't be new graduates from the University of Wyoming, they will be people already living in the community.

"This is the year we need to devise the type of training it takes to use community-based people instead of community-imported people. We may fail in this year simply because we don't have the funding to make sure that that sort of thing happens."

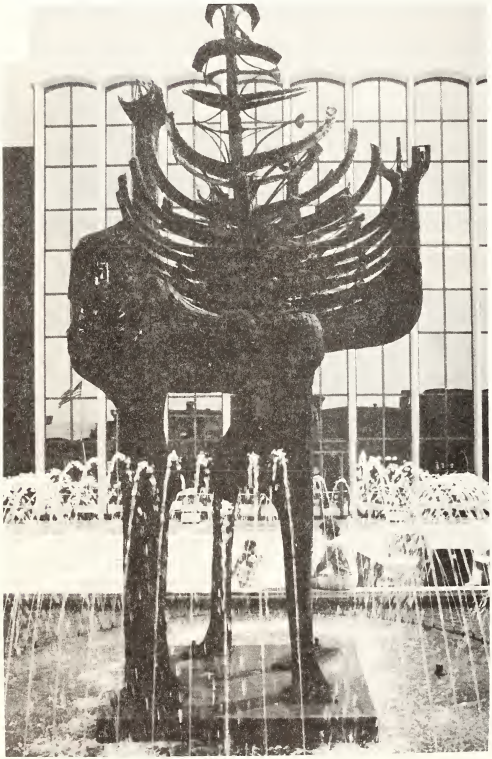
Everyone familiar with the project, even those who started out as skeptics, agree that the project has been a success. There was a need in the community, and the Gillette Human Services Project filled it.

"It was an idea whose time was right," according to Enzi. Gillette is different now, as far as what it can provide along the lines of basic, necessary human services, than it was before the first team came in.

*THEY ALSO SERVE—Young and old alike welcome the Human Services Project program that brings Gillette teenagers to visit older members of the community.*

# IMPROVING THE QUALITY OF WORK LIFE

## Jamestown Labor-Management Committee
## Jamestown, New York



MONTH after month, visitors stream to Jamestown, New York, to learn about the workings of a labor-management committee that in 6 years has turned a deteriorating economy to one of viable growth and promise.

Last year's visitors to the small industrial community, located 60 miles south of Buffalo, included a network television business reporter and film crew. A few weeks later, Americans from coast to coast got a quick look at an approach to industrial relations that holds heartening prospects not only for the people of Jamestown, but for Americans everywhere.

Walter Cronkite was not the only one to spread the news of Jamestown's Labor-Management Committee. Reports had previously been carried in Newsweek, The New York Times, The Wall Street Journal, and other papers.

The newly fostered cooperative spirit, confidence, and sense of self-worth that have taken root in Jamestown have replaced the negative self-image that existed 5 years ago. The upbeat mood and the town's success in solving labor-management difficulties have encouraged other communities to tackle their own human relations problems.

*NEW IMAGE—A spacious, attractive city hall plaza can impress prospective employers as much as how workers feel about their jobs.*

Jamestown companies that were about to shut down have revived; most that had planned to leave have stayed; and new companies have been encouraged to locate there. Large companies whose work forces have benefited from the Jamestown Labor-Management Committee (JLMC) have transplanted the basic ideas to their company plants elsewhere.

## Bad Reputation Hurts

Stanley Lundine, former mayor of Jamestown and now a Congressman, remembers that Jamestown's prospects were bleak in 1971 as he started his second term as mayor. "By fall, we were in very serious economic distress," Lundine recalled. "Art Metal, an office furniture manufacturer and one of Jamestown's largest companies, had gone bankrupt. I knew—although it wasn't public knowledge—that another prominent company was planning to move south."

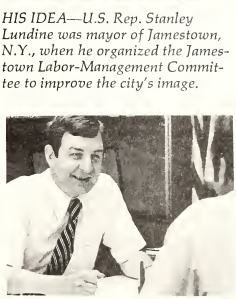
During his first 2-year term as mayor, Lundine had tried the conventional approaches to urban renewal and had traveled beyond Jamestown to attract new industry. Wherever he went, Lundine was told that Jamestown was a "bad labor town."

With reports that General Electric was planning an expansion, Lundine went to the company's offices in Erie, Pennsylvania. G.E. executives told him the company wouldn't consider locating in Jamestown because of its bad labor situation.

Yet, ironically, after looking at the facts, Jamestown's leaders found that its reputation for labor strife wasn't wholly deserved. In work time lost due to labor stoppages, Jamestown was only slightly over the average for New York State. The strike problem appeared larger than life because, given the many small unionized firms in Jamestown, a disproportionately large number of new labor contracts were being negotiated every year.

The Jamestown reputation was so pervasive that even people in Jamestown believed it. The mood blanketed the city. Often, when Jamestown's leading citizens traveled to conventions and meetings, they would unthinkingly spread the bad word abroad.

*HIS IDEA—U.S. Rep. Stanley Lundine was mayor of Jamestown, N.Y., when he organized the Jamestown Labor-Management Committee to improve the city's image.*



*CARRYING ON—Incumbent Mayor Steve Carlson carries on as coordinator of the Jamestown Labor-Management Committee.*

## Failing Industry

The financial collapse of Art Metal, a fairly good-sized firm, was symptomatic of the area's ills. When it folded, Art Metal left vacant a bright new factory with floor space the size of 28 football fields. Other furniture manufacturers had been trickling out of Jamestown, heading south for what were considered more favorable labor climates.

The hard economic data presented an overview of the depressing situation. Unemployment in the Chautauqua County area had risen from 3.7 percent in 1966 to 8.1 percent in 1971. Industrial employment in the county had dropped from 19,700 in 1969 to 17,600 in 1971; by 1972 it was down to 17,300.

Meanwhile, Jamestown's labor relations were worsening. In the 2 years before 1972, there had been long and sometimes bitter strikes at local plants. The Blackstone Corporation, Art Metal, and other plants had been hit by serious work stoppages.

## Young People Move Out

Chautauqua Hardware was one of another group of companies that were in serious financial trouble, and it seemed likely they would join Art Metal in bankruptcy court.

As Lundine looked for a means to turn the situation around, the already poor outlook worsened even more. With fewer and fewer opportunities to practice professional skills in Jamestown, educated younger citizens were moving to the larger cities. With the aging of the city's highly unionized skilled work force, its reputation for workmanship was eroding.

As 1972 approached, for the 60,000 people of the area heavily dependent on industry, Jamestown was rapidly becoming an economically hard hit urban area.

## New Approach Charted

In this gloomy atmosphere, Mayor Lundine began to meet individually with business and labor leaders of the community. He was exceptionally well prepared for the job; he had the support of labor, and having won his second term by a two-to-one majority, he knew he had bipartisan support.

Lundine's meetings with community business and labor leaders confirmed his own view that Jamestown would have to strengthen the

existing industrial base before it could attract new industry, and that the key factor was labor-management relations.

In inaugurating his second term as mayor, Stan Lundine said, "we have the capacity to reverse the trend toward economic stagnation and decline. It will take the active participation of labor leaders and manufacturing executives as well as the total support of the local government to achieve our fundamental objective."

Lundine's first step was to meet separately with executives from 15 local industrial companies and with the leaders who represented their workers. He arranged the meetings with the help of Sam Sackman of the Federal Mediation and Conciliation Service, who knew the leaders on both the labor and management sides; Alvin Mardin, of the Jamestown Area Manufacturing Association; Ray Anderson, a local labor lawyer; Sam Nalbone, Jamestown's ombudsman who had been associated with the Machinists' Union; and others.

The first joint meeting in February 1972 of the Jamestown Labor-Management Committee (JLMC) was without precedent locally and brought together 15 labor and 15 management representatives.

## Productivity Top Objective

The committee agreed to concentrate on four objectives: improved labor relations, manpower development, assistance to industrial development programs, and improved productivity.

The JLMC made improved productivity its top objective. Union members had taken the word to be synonymous with "speed-up"; after sober deliberation, however, they agreed that productivity had to be the primary concern. They recognized that higher productivity would make Jamestown companies more competitive and would help attract new firms to the city.

Then, early in 1973, more trouble: the Crescent Tool Company announced its intention to move to South Carolina; the Dahlstrom Company made public its decision to give up its Jamestown facilities; and a ruinous bribery scandal involving a small, locally based conglomerate was beginning to surface.

## Committee Looks for Help

The Jamestown committee was still a long way from an action program. Before long, committee members recognized the need for expert advice and counsel.

In the beginning the JLMC drew on the assistance of specialists who, after hearing about the Jamestown experiment, volunteered their services. They included Dean Robert McKersie from the New York State School of Industrial and Labor Relations at Cornell University; Professor John Drotning, State University of New York; and Dr. Phillip Ross, University of Buffalo.

It soon became obvious, however, that in order to solve such stubborn problems as absenteeism and inefficient product flow, longer-term expert assistance was needed. Such assistance required money in an amount not then available from city coffers.

So Mayor Lundine went to Washington with a small Jamestown delegation to apply for Federal funds. For nearly a year no Federal help was forthcoming, although many in Washington admitted that Jamestown had hit on the "greatest idea since sliced bread," as one official put it.

Jamestown's early failures at grantsmanship, Lundine thinks, only served to unify committee members and to strengthen their determination.

## First EDA Grant

Early in 1973 the JLMC's effort was rewarded with an initial grant of $22,500 from the Economic Development Administration (EDA) of the U.S. Department of Commerce. The grant, which was supplemented with $7,500 from the city of Jamestown, was made specifically to support the program to increase industrial productivity in the Jamestown area, and later the quality of work life concept.

The EDA grant enabled Jamestown to recruit Dr. James McDonald of Buffalo University as the first coordinator of the JLMC. Additional help came from the National Commission on Productivity, which brought in Dr. Eric L. Trist from the Wharton School's Management and Behavioral Science Center at the University of Pennsylvania.

In thinking about how to change Jamestown's reputation as a bad labor town, Mayor Lundine had been mindful of his longtime concern that too little attention was being paid to human factors in productivity. Wouldn't it be more satisfying to the worker—wouldn't it enhance the quality of the time he spent at his workplace—if he had a role in determining how the work was done?

With an established reputation for his studies in the "quality of work" field, Dr. Trist was preeminently qualified to bring workers into the deliberations of the JLMC and to suggest ways to make this possible. His approach has been to seek suggestions from workers and encourage them to speak up about the way they worked and how the production process was managed.

One EDA official, Verna Richardson, recalled the factors that prompted the EDA grant. "We felt Jamestown was the right place for a pilot project on quality of work life [QWL] because the city had such tremendous problems and QWL had such a direct bearing on productivity. It was a community effort and didn't involve just one plant. And the cooperation that had already been established between labor and management showed that it had a very good chance of succeeding.

"Since then," Ms. Richardson continued, "it's been regarded as a model of labor-management cooperation, and there are now over 160 labor-management committees in the United States."

## The 1974 Turnaround

Out of committee deliberations there came a growing sense of purpose in the industrial community, and the start of a spirit of greater trust and understanding between management and labor. The immediate effect was dramatic: no strikes in 1972 and none in 1973.

By 1974 it was clear that an economic turnaround was underway in Jamestown. The AVM Corporation was reorganized for the better. Dahlstrom and Jamestown Metal Products were saved from liquidation. Jamestown Metal Manufacturing was reorganized with the help of its union, and Jamestown Veneer and Plywood was sold to a local investor group.

Impressive too was the multimillion-dollar expansion program announced by the Blackstone Corporation, the enlargement of operations at Crawford Furniture, and the increase in employment at other Jamestown plants. As a consequence, unemployment fell from 10 percent in March 1972 to 4.2 percent in September 1974.

## Cummins Engine Moves In

The most dramatic evidence of restored economic vitality was the decision of the Cummins Engine Company, well known for its progressive labor-management practices and concern for employee work life quality, to move into the million square feet of plant space vacated by Art Metal. While Cummins executives admit that a combination of factors made Jamestown attractive, they emphatically credit as decisive factors the JLMC and favorable community attitudes toward quality of work life approaches, elements already part of Cummins' own systems of production.

With the support of city officials, the new mayor, Steve Carlson, successor to Lundine, and key industrial and labor leaders, the new labor-management mechanisms gained a firm foothold.

Over the past 5 years, the action has shifted from the JLMC to its smaller counterparts which function inside selected industrial plants and are known as in-plant labor-management committees.

## Carborundum

Like many other companies in Jamestown, the Monofrax plant of the Carborundum Company is a "job shop," meaning it does not produce a steady stream of one or more identical products. Instead, its products—brick linings for glass-making furnaces—are made to customer specifications and production is geared to the orders received. It depends heavily on the teamwork of its production crews.

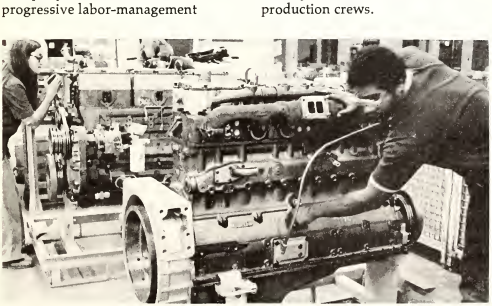
Carborundum's in-plant committee was given neither instructions nor organizational formulas by the JLMC. Instead, it was started when Dr. McDonnell, then the JLMC coordinator, met separately with management and labor representatives.

McDonnell found that while workers were brimming with ideas about changing working methods, they were skeptical that management would cooperate. "They aren't interested in our ideas," was the typical worker comment. Others complained that plant equipment was antiquated, and all commented sourly on that "stinking shower room" which plant cynics claimed left you dirtier after showering.

However, those early meetings showed that meaningful communications were possible. As Ralph Lamatia, union steward for the International Brotherhood of Firemen and Oilers, commented, "Up to that time, we were numbers. Suddenly they realized that we were individuals, we had intelligence and we had ideas, good and bad. Now we're finally getting together, meeting halfway. That's how it should be."

At one point, Carborundum's management was studying a consultant's plan to redesign production facilities. Dissatisfied with the consultant's scheme, the Carborundum managers took it to the committee to get ideas. As a result, the redesign plan was posted on bulletin boards and workers were surveyed for their suggestions.

"And we got some great ones," said Peter Bellinger, industrial engineer at Carborundum. "The work force made us go back and think harder and, often, showed us where we were making mistakes. That's very important in a business like this, where the product is both labor and



*BETTER CLIMATE—Cummins Engine Co. moved to Jamestown because of favorable changes in the community's climate for industrial relations.*

capital intensive. You don't spring new equipment on workers overnight. You introduce it at meetings and sort out the psychological bugs in advance."

Carborundum showed its good faith in the in-plant committee when it accepted 100 out of 175 suggestions made by the workers. Corporate management backed the revamped plan by appropriating $5.1 million for the redesign work. Corporate headquarters has been so impressed with the contributions of the committee that it is introducing similar labor-management practices in its plants elsewhere.

## Corry-Jamestown, Inc.

It took a strike to crystallize interest in an in-plant labor-management committee at the Corry-Jamestown Company in 1975.

Corry did consider bringing in a labor-management consultant, according to its industrial relations director, Mark Florence. But the company decided to try an in-plant committee because it had the backing of the community and, unlike one-sided company efforts, it would have worker trust. Moreover, the raising of productivity was becoming a matter of survival at Corry, a further reason to try the committee.

While the committee helped Corry deal more realistically with absenteeism (Corry's threats to counter the problem with punitive measures had provoked the strike), its overall effect on the quality of work life promises to be of greater significance.

"It's a good thing," commented William Dean, president of a union local. "It's relieved the tension on the shop floor and lessened the feeling of confrontation. From the meetings so far we've gotten a better understanding of management's problems."

Manley Robbins has been with Corry for more than 30 years and, as a member of the in-plant committee, he feels it has improved morale throughout the plant.

"You can't get messages like the need for expensive new sheet metal measuring equipment up through line supervisors who think it costs too much," Robbins explained. "But when you're all in the same room and you point out how long it's taking to check sheet sizes so they'll fit, top management says, 'if it's really going to speed things up and cut down on our reject problem, maybe we ought to buy that new equipment.' "

*IN-PLANT MEETING—The Corry-Jamestown Co. plant formed its in-plant labor management committee in 1975.*

## Hope's Windows

At Hope's Windows Company, a Jamestown division of Roblin, workers take off from the production line to meet in a conference room with company engineers. Together they pore over blueprints of windows Hope's will bid on, and each worker estimates how long it will take him to perform the work he does on his piece of the product. Thus, Hope's workers are becoming directly involved in pricing what they produce.

So far, Hope's so-called "product bidding teams" have been a boon to its business. Before they went into action, Hope's was receiving only 10 percent of the contracts it bid on. Using the teams, its success rate has risen to 50 percent.

"And we're narrowing the margin by which we beat our competition," said Hope's president, Frank Farrell, Jr. "We're no longer wildly overbidding and losing out on one contract or coming in way under and then suffering losses on another. Last week, for example, guided by the bidding team, we bid $800,000 on a job and came in $12,000 under our competition. In this business, that's really doing your homework."

Interestingly, Hope's first attempt at labor-management collaboration culminated in failure. With the help of the JLMC, an in-plant committee was formed to help with the relocation of production equipment. At the time, however, the layoff rate in that plant was edging to a disastrous 50 percent of the work force. Under such adverse circumstances, with job security overshadowing all else, no in-plant committee could succeed.

As demand was falling for Hope's existing product line, causing the layoffs, it was rising for thermal windows, not then in production at Hope's. Roblin agreed to finance Hope's entry into the thermal window market, and a second in-plant committee was started. This time, as committee work progressed, all participants—management, the union, workers, and supervisors up and down the line—became convinced of the soundness of the in-plant committee approach.

The committee took the production plan proposed by company engineers, eliminated excess handling, and turned back the design with suggestions for an altered but more efficient plant layout.

## Cummins Cites Program

Cummins Engine Company, widely regarded as a highly progressive company in the labor relations field, ranks high in the labor-management process and is a leading quality of work life proponent. Yet, because it has no union, it is not a member of the JLMC.

Executives at the Cummins plant said emphatically that Cummins would not have moved into the Art Metal plant had there been no JLMC. Cummins' search team knew the company would have to draw on the Jamestown labor pool for its skilled and semi-skilled labor force and, while historically Jamestown had been a fairly risky area, the team saw an improving labor relations climate symbolized by the JLMC.

Cummins' Jamestown plant manager, Richard Allison, believes that his company's labor-management and production practices make good business sense. They pay off in terms of better product quality and greater reliability, and they produce improvements in the production process. To support his claims, Allison contrasted his company's absenteeism rate of 1 percent with the 6-percent national industrial average.

"If our work patterns didn't make good business sense," Allison reasoned, "they would be counterproductive because nobody likes to work for a fool."

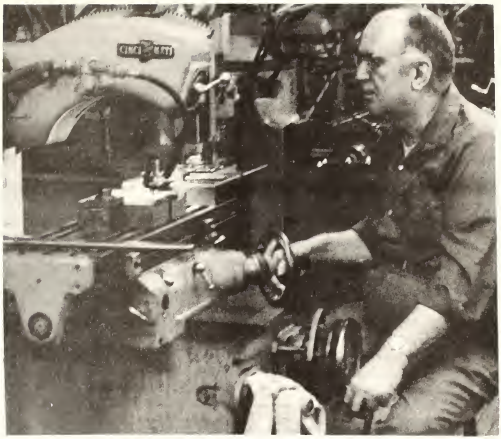
Aside from the improving labor climate in Jamestown, Cummins executives feel that when they hire a worker who had already been exposed to quality of work life practices, the company and the new employee fare better. With prior exposure, new employees don't suffer a period of cultural shock as they adapt to the new work style.

## Worker Training

The training of workers and the advancement of their skills is part of the JLMC's quality of work life concern. For help it draws on the facilities of Jamestown's Community College, whose president, Roger Seager, is enthusiastic about the college's intensified involvement with the community.

Seager is quick to admit that the college's established curriculum doesn't offer much to the local worker seeking to upgrade his skills. But when the curriculum can't fill such needs, the college acts as a "skills broker" and goes out to find people who can teach the skills in demand.

How this meshes with JLMC objectives is demonstrated by a problem that arose when a local furniture maker could not schedule a second shift because it lacked enough trained and experienced workers. A training program was set up through the college to qualify workers for slots that required highly skilled craftsmen. Now other in-plant committees are on the alert for such training needs.



*PROBLEM SOLVING—The Jamestown Labor-Management Committee helped Chautauqua Hardware solve production problems and expand employment to over 300 workers.*

While skills brokering at Jamestown's Community College is moving so briskly it takes three people to satisfy the demand, the college also is offering a 2-year night course for those seeking formal training in the labor-management and quality of work fields.

Teachers from Jamestown's secondary schools are meeting informally and, assisted by John Eldred, the JLMC's present coordinator, they are discussing ways to introduce examples of the labor-management process at their schools. By these methods and by indirect means such as press reports and word-of-mouth, the labor-management process is becoming known as a positive force in the Jamestown community.

With 30 Jamestown companies and 10 unions now participating, and with 12 active in-plant committees, the JLMC approach now holds an established place in the life of Jamestown.

## The Costs and the Payoff

Following the initial grant from the Economic Development Administration, Jamestown in 1974 received an EDA grant of $77,500, principally in support of its productivity goals, and the city provided $23,233. In 1975 EDA's share was $120,000 and Jamestown's was $40,000. In 1976 Jamestown all but matched the $150,000 EDA grant with $147,000 from its own funds. Last year EDA granted an additional $50,000, while Jamestown contributed $35,000.

Has the money been well spent?

The JLMC has scrupulously kept clear of labor contract negotiations, and there were no strikes in Jamestown for 3 years after the committee was formed. Many of the companies that were on the brink of ruin were reorganized and are operating today.

Many new jobs have been created. The Cummins Engine Company alone will provide over 2,000 new jobs after permanent production facilities are in place.

Productivity is up at several plants. At the Falconer Plate Glass Company, for example, an in-plant committee has worked out ways to reduce glass breakage in production by 40 percent.

## Public Is Optimistic

So no one disputes the claim that the Jamestown Labor-Management Committee has achieved its priority objectives.

Last fall, because the Watson Manufacturing Company was able to conclude a 3-year contract with its union, it was able to refinance loans and bank indebtedness and thereby stay in business. Because a more favorable climate had been established, the company was able to lay before its employees its financial position and, as a result, contract negotiations were conducted in an atmosphere of trust that was advantageous to both sides. As a consequence, 140 jobs have been saved.

R.Q. Steel Company recently started a production facility in Jamestown primarily, so its top executive has said, because of the area's favorable labor relations climate. The company, which makes modular housing for markets in the Middle East, has created 140 additional jobs.

Chautauqua Hardware, which was in serious trouble 5 years ago, and got out of difficulty with the help of the JLMC, has since expanded and now provides over 300 jobs.

Among other things, said Mayor Carlson, Jamestown's current industrial growth is proving that the old style multi-storied plants can be used to house modern production facilities.

To the Jamestown mayor, however, the best barometer of the change in Jamestown is the public attitude. He finds evidence everywhere that the local mood is now very positive and optimistic toward the city.

"For years we've been trying to get someone to build a new hotel downtown, something we've needed for a long time," Mayor Carlson said, turning to his office window in City Hall. "Now, from here, I can see the construction work that's underway on a new downtown hotel complex. Such things are happening because people's attitudes have changed."

In recent months, Jamestown's unionized public sector has begun to make use of labor-management and quality of work life approaches.

## Jamestown Will Persevere

Have workers sacrificed pay increases and other benefits for the new industrial harmony? Mayor Carlson doesn't think so. While unions may have moderated their demands in a few cases to assure the survival of a company in trouble, union bargaining has, if anything, been harder than ever. But because they have bargained in a better atmosphere, bargaining deadlines have been met more often, reducing the strike rate.

After current funding, including the extended EDA grant, is used up, Jamestown intends to continue the work of its labor-management committee financed by a combination of city funds and money from those who use its services.

While the Jamestown experience has not yet been written up as a case study, Dr. Trist is using it as a model in his classroom discussions with students at the Wharton School.

Although labor-management collaboration on the plant floor was old hat to Dr. Trist, he said Jamestown was "extremely interesting to me because, for the first time, it was a community-wide effort."

Dr. Trist thinks that efforts modeled on Jamestown will play a tremendous role in reversing the decay of urban areas in the Northeast. He mentioned Philadelphia, Newark, Buffalo, and Pittsburgh as cities that have shown interest or where programs have already been started.

Several smaller cities, including Cumberland, Maryland, Evansville, Indiana, and Lock Haven, Pennsylvania, have adopted labor-management committees based on the Jamestown model.

# STRUCTURAL AND TECHNOLOGICAL UNEMPLOYMENT

## Airport Industrial Park and Research Center
## Beckley, West Virginia

NEARLY 10 years ago, Raleigh County, West Virginia, officials began devising a plan they hoped would achieve two goals: create new jobs in the Beckley-Raleigh County area, and provide the area with the means to diversify industry and balance an economy that has long depended solely on the production of coal.

What they planned was the creation of the Raleigh County Airport Industrial Park and Research Center. A spacious, $750,000 complex consisting of 253 acres, the park is now a reality and is coming close to meeting the goals set a decade ago.

Local community and business leaders all agree that the project has been or will soon prove to be successful for the primary reason it was undertaken—to create employment. They also agree that the project is successfully attracting businesses that serve existing firms in the area. Several research firms have indicated they will build at the industrial park in order to serve the numerous coal mining firms that are scattered throughout southern West Virginia.

The secondary reason for its undertaking, diversification of the local economy, hasn't occurred yet, but may as the park continues to grow and more businesses move into the facility. Officials expect to attract industry that produces, refines, or ships products to areas outside the local labor market area to the airport industrial park, which is owned by the Raleigh County Airport Authority. Those connected with the park say there has been a rising demand for industrial space, coming from new firms wishing to locate in the park and existing firms wanting to expand.

### EDA Grants Start Program

It is not hard to understand this demand for space at the airport industrial park. Advantages such as lower operating costs, reasonably priced land, quality architectural design, more parking areas, better truck maneuverability, nearness to air transportation, and room for future expansion abound at the new facility.

*EDUCATIONAL COMPLEX—The National Mine Health and Safety Academy, largest employer in the Raleigh County Airport Industrial Park, now employs 1,000.*

What started as a plan on paper began taking shape soon after the first two Economic Development Administration (EDA) grants were received by the Raleigh County Airport Authority.

The first two EDA grants, made in June 1972, were $296,000 in allocations for water and sewer systems surrounding the area where the industrial park is located. In January 1974, EDA granted $375,000 to assist in the construction of roads and sewer and water systems throughout the park complex. The fourth grant from EDA to the airport authority, $781,000 for construction of a new airport terminal building, raised the Federal agency's total investment in the Raleigh County economic development effort to $1,452,000.

*COAL-RELATED—Barrett Haentjens and Co., one of the occupants of the Raleigh County Airport Industrial Park, produces pumps for the coal industry.*

Although separate, the four grants are related and complement each other, according to Paul R. Hutchinson, Jr., attorney for the airport authority. They all fit, he explained, into the informal master development plan which the airport authority created for the Raleigh County Memorial Airport in 1970. The plan included construction of a new runway capable of handling larger aircraft, construction of a new airport terminal building, and creation of a nearby complex that would lead to industrial development.

## Three Industrial Parks Planned

Hutchinson said it was determined that the authority would actually create three industrial parks. Site No. 1, he said, is a 70-acre parcel of land adjacent to the Airport Industrial Park and Research Center. On that site is the National Mine Health and Safety Academy, a $22-million venture of the U.S. Mining Enforcement and Safety Administration (MESA). The educational complex now employs about 1,000 persons, with an annual payroll of nearly $5.5 million.

Site No. 2 is a smaller parcel that has been set aside for a U.S. Department of Agriculture soil and water research laboratory. The $2-million Government facility has not yet been constructed but will, when in operation, have a staff of about 40 persons.

Site No. 3, Hutchinson said, is the industrial park, opened in July 1976. The park is divided into 24 lots ranging in size from $2^1/_4$ acres to more than 13 acres.

The three EDA grants, Hutchinson said, all had a big impact on the creation of the industrial park and research center. He cited specifically such new developments as the MESA academy, public television station WSWP, and improvements at the airport.

"The first grant for water and sewer services led to the creation of the academy and the television station; the second grant was for the industrial park, which is served by the system constructed by the first grant; and the third grant results in our having a new terminal building, which in turn justified the construction of a new runway." Hutchinson said the third grant from the EDA also helped attract a Federal Aviation Administration grant. "With the help of the EDA, we have a modern airport, a major educational complex, and many other facilities in an area of the county that probably would not have developed for many years."

## Local Leaders Optimistic

Local community and business leaders are optimistic about the future and the opportunities for diversification that are resulting from the opening of the airport industrial park.

The park, said Robert McKeand, executive director of the Beckley-Raleigh County Chamber of Commerce, is fairly new and businesses haven't had the time to construct facilities and begin operations. "But now that the park has been developed, it is an open invitation to industries," McKeand said. "I'm confident a number of businesses will accept this invitation."

So far, the park has three occupants: Barrett Haentjens and Company of West Virginia, which does final machine work on custom-made industrial pumps; Acme Machinery Company, a distributor of mine machinery parts; and the Area 25 office of the West Virginia Department of Welfare.

*LOOKING UP—A Barrett Haentjens worker guides a pump part along the processing line of the Beckley, W.Va., industrial pump plant.*

An increase of more than 300 percent in occupancy is just months away, said Hutchinson, since 10 additional lots of the 24-lot park have been sold, with the various businesses expected to begin construction of their facilities soon.

"Now that the industrial park is a physical reality instead of a plan on paper, the businesses can see it and are attracted to it. It is quickly developing into a major industrial center. The effects of the new businesses locating in Raleigh County can be nothing but beneficial to the economy."

Besides creating new jobs, the airport industrial park and research center is also providing the airport authority with the means to diversify industry and balance the economy. Such a balance is needed, officials say, since the economic livelihood of Raleigh County's 80,000 residents is almost wholly dependent upon the coal industry, either directly or indirectly.

## Some Diversification Possible

While the opening of the industrial park has created the opportunity for diversification, most local business and community leaders concede that it will be difficult to reach that goal.

"When an area such as Beckley and Raleigh County is in the heartland of the booming coal industry, it's difficult to attract businesses that aren't in some way related to the coal industry," said Raleigh County Administrator Billy Beckett.

Manuel Cartelle, community development director for the city of Beckley, said there is, however, some hope of partial diversification. "There may be one or two businesses, such as a manufacturer of electronic components that ships its products to areas outside the local labor force, that may locate here. I hope that happens because it would be great for the economy. But just one industrial park won't bring about diversification."

McKeand is more optimistic about future prospects for diversification. "There is already a firm at the park—Barrett Haentjens—that is a dual-purpose industry," he said. "Presently, they are supplying industrial pumps to mining companies, but they have the capability of producing the pumps for other types of industry should something happen to the coal market in this area."

McKeand said he and members of the chamber of commerce are constantly talking with businessmen about possibly locating in the Beckley-Raleigh County area. "I'm fairly confident we will be able to attract businesses that aren't dependent upon the coal industry for sales," he said, "and I believe this will happen very soon."

Hutchinson, the airport authority's attorney, feels strongly that diversification has already occurred. "The EDA projects that led to the creation of the park built us a major education center—the MESA academy; secured for us a public television station; and led to the

establishment of such firms as a rent-a-car agency and Aeromech Commuter Airlines at the airport, for which there would have been no need had not the academy been built here. I believe all of these facilities will remain here even if the coal industry loses its local market."

Carlton P. White, EDA representative in Beckley, said that even if further diversification doesn't occur at the industrial park, the park can be considered a successful venture by EDA. "The park will fulfill the criteria of EDA because it is creating jobs. In fact, I believe the airport industrial park is going to far exceed our employment projections," he said.

Local business and community leaders have no doubts that EDA's primary goal—creating new jobs in this area—will be met by the industrial park. Cartelle said the park will have a spin-off effect in the Raleigh County area. "This effect will mean more development, especially in the area near the park, of such businesses as restaurants and motels," Cartelle pointed out.

## Jobs Are Increasing in Area

"There aren't many businesses at the park yet, but the ones that have located there are contributing to the economic base of the county," agreed Beckett. "It can't help but have a big impact on the economy once the park is filled with businesses."

McKeand said that the industrial park will contribute to the rising number of jobs in Raleigh County. "Beckley and Raleigh County will probably go through the 30,000-job level in late 1978 or early 1979. Jobs have been increasing at the rate of 6 percent a year, and because the airport industrial park is one of the best parks developed in West Virginia, it will contribute a significant number of jobs," McKeand said. He added that development is occurring in most areas of the county and predicted that the industrial park will cause "the whole area south of town to develop."

The industrial park "is a successful undertaking by the Economic Development Administration," McKeand said. "The bottom line of the success of the park is jobs. The park provides and will continue to provide more employment for area residents."

McKeand said the construction of the airport industrial park is "an excellent use of the land surrounding the airport. By developing the park, the authority is maximizing the use of land. To me, it is the result of some excellent long-range planning by civic leaders. Every person and every agency connected with the creation of the industrial park is to be congratulated for the excellent planning. That planning is now beginning to show dividends because, as I said before, the bottom line of success for such ventures is the creation of new jobs," he added.

*YOUNG WORKER — Raleigh County aims at economic diversification, but most firms planning to build there are still related to the coal industry.*

## Secondary Efforts Noted

Minor Scott, president of the Raleigh County Commission and a member of the Raleigh County Airport Authority, said the locating of businesses within the industrial park "is bound to have a positive effect on our economy. Anytime we're able to get more industry into this area, it helps the economy. I'm very pleased with the number of businesses that have taken options on land at the park complex."

The authority's attorney, Hutchinson, said that not only is the industrial park creating new jobs within the confines of its boundaries, but in other businesses as well.

"Many of the businesses that have located or will locate at the park will service existing businesses in Raleigh and nearby counties," Hutchinson said. "By meeting the needs of some existing businesses, these businesses may be able to expand, which will in most cases lead to more hiring."

## Park Occupants Praise Program

While the airport industrial park and research center is successful in the eyes of those who helped in its development, it is also considered a success by occupants of the complex.

Emerson Evans, district manager of Acme Machinery Company, which has a 3,000-square-foot warehouse and office at the park, said the industrial complex is "an excellent location" for his business. "We have plenty of space and are located near transportation facilities. I'm very satisfied with the park." Acme Machinery Company ships machine parts to an eight-county area in West Virginia and Virginia.

"We're very happy we moved into the park," said David Rogers, administrator of the State Department of Welfare's Area 25 office. "The parking facilities and the amount of space we have within our building have made for a good working atmosphere. This much-needed space helps us maintain confidentiality when interviewing our clients. It's something we never had before."

In addition, Rogers said, "when we were located in downtown Beckley, we infringed on our neighbors because of the limited amount of parking space. Here, we're infringing on no one. It's something we never had before."

Rogers said the Department of Welfare office is a 21,000-square-foot facility on 4 acres of land. The department employs 112 Raleigh County residents.

Companies that have taken options on lots at the park and will soon begin construction on their facilities include: Energy Products Incorporated, a subsidiary of Elgin Industries that will produce and supply various equipment connected with the coal mining industry; and Bluestone Coal Company, which is expanding its operations and will open its executive offices at the park.

In addition, Fairchild Inc., one of the leading manufacturers of mine machinery, will move into the park so it can expand its operations; Lowe Brothers Electric Company, a supplier of electrical products, is moving to the park because it is unable to expand in its present facility due to a lack of space; and Marmon Research will establish corporate headquarters at the industrial park. The Marmon firm will be doing various research work for many coal companies and will also be involved in the area of consultation.

Westmoreland Coal Co. also plans to consolidate some of its corporate executives and expand its coal research laboratory at the park; and Pocahontas Land Sales, a coal brokerage firm, wants to move into the park to expand its operations and create new markets. Two other firms that plan to locate in the park in order to serve a wide area in southern West Virginia are Ferguson Enterprises, Inc., which will sell heating, air conditioning, and plumbing supplies and materials, and Craig Motor Service Co., which will sell automotive and truck parts.

# REGIONAL DEVELOPMENT

## Lower Rio Grande Valley Development Council
## McAllen, Texas

*PREMIUM JOBS—A call for skills draws workers to the Marathon-LeTourneau Shipbuilding Co. plant at Brownsville, Tex. Some of the firm's employees were trained at Texas State Technical Institute, a technical-vocational school at Harlingen that was developed with public works grants from the Economic Development Administration.*

FROM the air, the southernmost tip of Texas appears to be a giant green checkerboard divided by roads, fences, and irrigation canals. On the ground it is green and luxuriant, a rich alluvial plain formed by the Rio Grande River as it meanders south and east to the Gulf of Mexico. Miles of citrus groves, fruit and vegetable farms, and sorghum and sugar cane fields flank the roads.

Agriculture is the dominant economic force in the Rio Grande Valley, with almost half of the land under intensive cultivation and most of the remainder in pasture or range. Other than agriculture, only tourism and retailing make noteworthy contributions to the local economy. However, retailers have been hurt by the devaluation of the Mexican peso which slowed the buying of American goods by Mexicans from south of the Rio Grande. And the tourists in this area are primarily older retirees on tight budgets rather than the typical free-spending winter vacationers anxious for a week or two in the sun.

### Per Capita Income Is Lowest

Despite the valley's outward appearance of success and affluence, it is coping with some of the most severe social and economic problems in the Nation. The population, which is 79 percent Hispanic, has the lowest per capita income both in the United States and the State. Unemployment ranges between 10 and 11 percent. Less than half of the residents have completed grade school; more than half live in poverty, many of them in "colonias," clusters of houses without utilities or sewer facilities near the main cities.

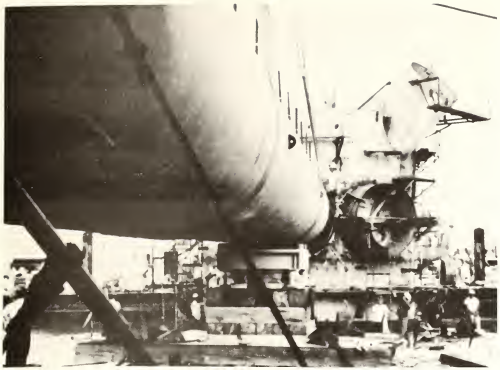
Symptomatic of the valley's problems was its loss of population during the 1960's, while most Sunbelt areas were growing at record rates. The total population of Hidalgo, Cameron, and Willacy Counties, which comprise the valley, dropped from 352,000 in 1960 to 337,000 in 1970.

Othol Brand, a successful agribusinessman and mayor of McAllen, one of the larger cities in the valley, explained, "The basic business of the valley is farming and there is no room for expansion. Every possible acre is planted . . . and the increasing use of machinery to hold down costs and boost production has meant fewer jobs."

### A New Confidence

Today, a dramatic change is underway throughout the valley. The decline of the 1960's is being reversed, and the population of the three-county area is expected to reach 453,000 in 1978. Although the rapid growth of the valley's population alone does not indicate that the problems have been solved, it does mean that progress is being made and a new confidence in the future exists.

Credit for this sudden change is given primarily to the strong local leadership, and grass-roots support combined with the judicious use of governmental grants and loans, primarily through the offices of the Economic Development Administration (EDA).



*PORT INDUSTRY—Largest employer at the Port of Brownsville is the Marathon-LeTourneau Shipbuilding Co. EDA helped enlarge the port shipping channel to float the firm's finished barges to Gulf of Mexico waters.*

One local leader in the agriculturally oriented area summed it up: "EDA money is like good seed. For the best results, you have to know where you want to plant, when you want to plant and be prepared to give it the right care for the best results. In short, you gotta have a plan and know what you're doing before you get it—and that's why it does so well."

To ensure the proper planting of the "seed," representatives of Cameron, Hidalgo, and Willacy Counties and three neighboring counties formed the Texas Southmost Economic Development District (TSEDD) in 1966. It was formed under the new EDA guidelines promulgated under the Public Works and Economic Development Act of 1965. Later that year, the three neighboring counties withdrew from TSEDD to ally themselves with another district that offered closer economic ties. The remaining counties formed what is now the Lower Rio Grande Valley Development Council (LRGVDC).

## Multipurpose Agency

Today the LRGVDC is funded by EDA, the Department of Housing and Urban Development (HUD), and the State of Texas. In addition to its economic development role, the council serves as the local criminal justice planning agency, the area agency on aging, and a human resources agency concerned with area problems of alcohol and drug abuse.

Anxious to assure the effectiveness of the planning and development programs they were about to launch, the founders of the council adopted a "grass roots" approach. As an early member put it, "If you're going to operate successfully on a wide front, you better have the widest possible support."

Today, the council has 67 members, representing 3 county governments, 27 municipal governments, 4 navigation districts, 12 special-purpose agencies (water, pollution, hospital, etc.), 2 citizens organizations, 9 school districts, and the general public. The 12 members-at-large include a broad spectrum of interests and abilities ranging from religion to medicine. Almost one-half of the council members have Spanish surnames, an important factor in an area where a substantial part of the population is of Hispanic ancestry. An 18-person board of directors, which includes an executive committee composed of 5 officers, governs the group's activities.

## Working for the Jobless

The council's staff is directed by Bob Chandler, an Oklahoman who formerly ran the industrial development program for the City of Syracuse, New York. A career development professional, Chandler has been with the council since its inception.

"The maximum type of involvement we have here is essential to developing an Overall Economic Development Program that really works—one you can see and feel even when you're driving around or out shopping," he said. "It's something you sense. It's as real as the numbers project, maybe more so."

The primary goal of the council has been to encourage industrial development to provide employment for the jobless and the underemployed. Since 1968, communities participating in the council have received 48 grants from EDA totaling about $17.3 million and 4 EDA loans totaling nearly $2.5 million. The grants and loans generated an additional $14 million in local and other matching funds.

By late 1977, the 52 funded projects had created direct employment for 18,000 persons and indirect employment for another 14,080.

In addition, member communities during 1977 received EDA grants totaling more than $18 million for 39 projects under Rounds I and II of the Local Public Works Program.

Another way of measuring the impact of the EDA-backed programs on the three-county area is by deposits with banks and savings associations. From 1968 to mid-1977, bank deposits more than tripled, from $361 million to $1.149 billion.

During the same period, savings association deposits rose steadily every year from $113 million to $440 million, an increase of 300 percent.

Another indication of the new-found prosperity is the construction of the new McAllen State Bank's 17-story, 240,000-square-foot headquarters office building, the first high-rise in the valley.

Executive director Chandler explained that the council does not concentrate on bigger projects because "that would be like stacking blocks on top of one another. You can go only so high. Instead, we are building a broad, well-constructed foundation that will benefit all parts of the three-county area . . . one that has immediate benefits, yet provides for future growth. . . . We try to keep a balance."

To keep this delicate balance, the council has designated the three largest cities as growth centers for the area—Brownsville (estimated population 75,000) on the Gulf of Mexico, Harlingen (estimated population 49,000) near the center, and McAllen (estimated population 50,000) to the west. These cities are about 30 miles apart and are linked by U.S. Highway 83. They receive the council's major attention, along with the satellite towns lining the highway.

## Priorities Established

In addition to the designation of the growth centers, the council also established critical goals with "A" priority ratings to assure balanced growth in its Overall Economic Development Program. The "A" goals are to:

- Create and expand manufacturing industries and business development in the valley;
- Improve vocational and technical training;
- Increase and conserve the supply of raw water for both industrial and agricultural use, and to improve and increase the water supply used for domestic purposes;
- Improve flood control and drainage; and to
- Improve the entire system of waste disposal including sewage, solid waste, and brush.

According to Chandler, the following are typical of the council's projects: the Port of Brownsville, the Harlingen Industrial Airpark, the McAllen Foreign Trade Zone, and the Texas State Technical Institute (TSTI) at Harlingen. Chandler added that the four projects are not only successful in their own right, but are capable of stimulating great growth through their ability to attract other businesses into the valley.

## The Port of Brownsville

The Port of Brownsville has a long, colorful history dating back to the early days of the Texas fight for independence and was a major Confederate port during the Civil War. It is the only deep-water port serving south Texas and northeast Mexico.

As a result of a series of EDA grants, the port facility, which includes a 42,000-acre industrial park, has been expanded and improved. Its director, Al Cisneros, says it is the most important activity in the area today. Counting the 125 persons who work for the navigation district itself, firms located at the port employ about 5,100 workers—one-fourth of the jobs and about 30 percent of the total payroll in the Brownsville area.

The port, located only 3 miles north of the Rio Grande, has been operating profitably since the 1940's, but the EDA grants gave it the stimulus to almost triple its revenues in a 5-year period. The growth has been so rapid and the future prospects are so bright with the general upsurge in the local economy that Cisneros and his director of port development, Ersel Lantz, say that Brownsville is not only the fastest-growing area in Texas, but will continue to be so for another 5 or 10 years.

The first and most important of the EDA grants was for $1,050,000 to enlarge the channel. As a direct result of this improvement, the port attracted its largest employer, the Marathon-LeTourneau's Gulf Marine Division, which manufactures the giant offshore drilling platforms used in the Gulf. Today, more than 1,000 people work at the facility.

Because of its proximity to Mexico, the deep-water channel has attracted five ship-dismantling operations. These firms strip old ships of nonferrous metals and usable parts for resale, then ship the rest of the scrap iron to the electric furnace steel mills of Mexico.

## Harbor Serves Shrimp Boats

Another equally successful EDA grant project was the $720,000 fishing harbor, which was fully leased before completion late in 1977. It is home port for 400 shrimp boats, and offers temporary docking for another 1,500 boats. Although the shrimp fleet's catch is now curtailed by the new 200-mile offshore limit set by Mexico, it unloaded more than 4,000 tons of Gulf shrimp during the past year.

Lantz said, "Thanks to a $383,000 EDA grant, we were able to expand our grain-storage capacity by 500,000 bushels. This saves valley grain ranchers about 15 cents a bushel in freight. Since we turn over our grain storage an average of six times a year, that means a saving to the ranchers of close to half a million dollars a year . . . money they can reinvest or put in the banks. Either way, it's good for the valley."

Current plans call for the further development of the port's giant 42,000-acre industrial park. EDA grants have helped provide rail spur extensions and improved water and sewer facilities. To improve surface transportation, the main rail connections with Mexico will be relocated and connected directly with the Mexican-sponsored industrial park on the other side of the Rio Grande. Federal funds will pay for 95 percent of the $24-million project.

## Leverage From Public Investments

Port director Cisneros said the port is an excellent example of how government loans and grants can stimulate investment. Between 1936 and 1978, the Federal Government put $15 million into the port, including nearly $2.5 million in EDA funds; the taxpayers of Brownsville added another $10 million; and the Brownsville Navigation District—which runs the port—added $28 million in revenue bonds. Private investment now exceeds $65 million.

The port's capital improvement plans for the next few years also include further deepening of the channel to about 45 feet, making it a true deep-water port. In addition, there will be a new 2,500-foot docking basin, a 3,000-linear-foot barge dock, a 2,500-foot parking apron and installation of new ore/coal unloading equipment, and another 1,800 linear feet of dock space with grain-handling capability of 800 tons per hour. In addition, there will be an oil dock to accommodate vessels drawing up to 42 feet. If the Mexican petroleum industry continues to develop along the Gulf Coast, this latter improvement could play one of the most important roles in the future growth of the entire valley.

## Harlingen Industrial Airpark

Near the center of the tri-county development district is the city of Harlingen. Since 1970, the population of the city has gone up 30 percent, and other economic indicators—building permits, bank deposits, sales tax receipts—are all keeping pace. A key factor in this development is the Harlingen Industrial Airpark at the northeast corner of the city.

The one-time Air Force base is now a bustling combination airport and industrial park, employing more than 2,000 people in 25 diverse businesses.

According to Gene Snavely, retired Air Force officer and former manager of the airpark, "None of this—the little city within a city—would have been possible if it hadn't been for that EDA grant we got back in 1967. That money, $417,000, started the ball rolling. It built the original terminal, the parking lot, and the access road we needed."

The growth of the industrial airpark exceeded everyone's expectations. Served by only two scheduled airlines, Texas International and Southwest, the terminal was forced to double capacity in 1977. In 1975, passengers totaled 107,000; in 1977, their number had climbed to more than 240,000. As new nonstop flight routes are added, the growth is expected to continue.

Another indication of the anticipated growth of the airpark is that a number of the larger national motel chains have put up new facilities within easy driving distance.

## McAllen Foreign Trade Zone

West of the Harlingen Industrial Airpark is the McAllen Foreign Trade Zone, a United States version of the free port concept. Here goods are brought from the United States and other nations to be reassembled, repacked, and possibly relabeled. Then they are either stored awaiting quota allotments, or reshipped to points throughout the world, including the United States, at major savings in tariff duties.

Conceived in 1970, the McAllen Foreign Trade Zone was the direct result of an EDA grant of $420,000 coupled with a $252,000 loan. To build local support, the trade zone also floated a $168,000 debenture issue in $1,000 denominations and allowed no more than 10 to a buyer.

Within 4 years, more than 600 people were employed at the 40-acre site. According to Frank Birkhead, head of the McAllen Industrial Board which manages the zone, "It has generated at least another 800 additional jobs in the area."

## EDA Business Loan Project

Typical of the operations at the zone are those of Erika, a manufacturer of kidney dialysis filters, and McAllen-American, a subsidiary of Kimball, manufacturer of organs and pianos.

*KIDNEY UNITS—Erika of Texas, established in the McAllen Foreign Trade Zone with the help of an EDA business development loan, manufactures kidney dialysis filters.*

The Erika operation takes advantage of both the low local wage scale and duty exemptions of the zone. It ships in without duty a special plastic that is used in the filters, and the plastic elements are then assembled into the dialysis filters. Approximately 60 percent are destined for the United States market and the remainder for other parts of the world. On shipments to the United States, duty is paid only on the plastic and not on the value added by the assembly. The business has been so successful that by 1978 Erika had begun construction to double its plant capacity. The initial plant was financed by a $950,000 EDA loan.

McAllen-American ships wood parts over the border from a sister plant in Mexico where the labor rate is lower than in the valley. The parts are then assembled into organ and piano harnesses and shipped on to Kimball plants in Indiana. Since the assembly took place in the zone, duty is paid only on the low-value wood parts.

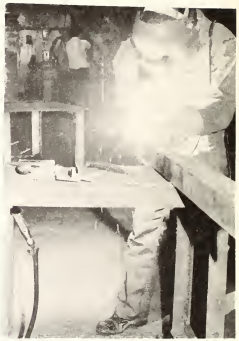
Given the success of these businesses, Birkhead is confident he can lease every square foot he can put under roof in the McAllen Foreign Trade Zone. Apparently, the LRGVDC board is equally confident. It has recommended approval of applications for three more EDA grants. One is for about $1 million to expand the water system in the zone to meet the needs of present tenants and provide additional capacity for future industrial expansion. Another is for $450,000 to build a 40,000-square-foot warehouse, and the third is for $250,000 to build a 10,000-square-foot freezer-storage building.

## Texas State Technical Institute

Recognizing industry's need for skilled workers, the council helped obtain an EDA grant of $1,905,000 to build a complex of vocational training facilities on 118 acres at the Harlingen Industrial Airpark. Former Air Force barracks at the site were converted to residential quarters.

*MACHINE SKILLS*

*WELDING*



*MEETING INDUSTRY'S NEEDS—The Texas State Technical Institute (TSTI), a complex of vocational training facilities at the Harlingen Industrial Airpark, helps meet the special needs of business and industry in the Rio Grande Valley region of southernmost Texas. Built with EDA grant funds, TSTI offers 46 areas of study designed to enable graduates to take a place in the valley work force.*

*MEDICAL SUPPORT*

*CONSTRUCTION TRADES*

The combined technical-vocational training school that resulted is fully accredited and geared to meet the special needs of business and industry in the valley. In specialized courses of study lasting from 1 to 2 years, students prepare to take a place in the work force. To assure that the curriculum matches needs, it is reviewed by an industrial advisory board. Forty-six areas of study are offered, ranging from agricultural equipment mechanics to welding technology.

To attract the maximum number of students, credit is given for prior related work experience, tuition is only $60 per quarter, and there are remedial study programs in such basic skills as reading, writing, and arithmetic. Students are also given aptitude tests to prevent them from taking courses with little chance of success. Classes are held from 7:30 a.m. to 10:30 p.m. daily to accommodate students' work schedules.

*MECHANIZED—Former farm laborers train with modern equipment during field classes conducted by the Texas State Technical Institute.*

## Most Trainees Placed

During the first 8 years of operation, the institute has served 15,600 students. To determine how successful the specialized education process has been, the administration recently studied the employment records of a group of graduates from the previous year. Almost two-thirds were working in the field of training. Another 11 percent had chosen to continue their education and work for 4-year degrees.

According to Steve Vassberg, TSTI manager of special projects, enrollment in the fall 1977 quarter was at 2,027, about 4 years ahead of the original projections. Vassberg said the school's biggest problem is no longer quality of education, but the development of more physical facilities to accommodate demand. The next expansion will include a heavy mechanics complex.

As to the importance of the school's role in the economic development of the valley region, Vassberg said that if the school had not been prepared to provide a special program to train welders, the Marathon-LeTourneau plant at the Port of Brownsville might not have located there.

Vassberg added that TSTI has an enrollment that is 87 percent Hispanic "and this is the group which accounts for 90 percent of the poverty in the valley. . . . If we can teach them to help themselves, they will be in a position to help others."

*WIRED FOR PROGRESS—The Texas State Technical Institute at Harlingen was built with EDA assistance as part of the regional growth strategy planned by the Lower Rio Grande Valley Development Council.*

# RESOLUTE RESPONSE TO NATURAL DISASTERS

## Tri-Agency Economic Development Authority
## Crescent City, California

SHORTLY after midnight on March 28, 1964, the northern California community of Crescent City was devastated by a tidal wave generated by an earthquake in Alaska. Twenty-nine city blocks were left in ruin, with 289 businesses and homes wiped out or severely damaged. The harbor area was virtually destroyed. The estimated damage totaled $16 million.

As vast community efforts were being made to start rebuilding Crescent City, the only incorporated town in Del Norte County, another disaster struck. Only 9 months after the tidal wave, massive river flooding destroyed communities along the Klamath and Smith Rivers. This time, flood damage in the county amounted to $40 million. More than 200 homes were completely lost, along with 40 trailers. Another 100 homes suffered major damage, and 171 were listed as having minor damage. For the second time in less than a year, Del Norte County was officially declared a disaster area.

### Community Feeling Strong

Because of its remote location in the extreme northwestern corner of California, Del Norte County has always had a strong sense of community. Self-reliance, community cooperation, and a "help thy neighbor" attitude have been a tradition. Isolated as they are by mountainous wilderness areas and a rugged coastline, residents of this 1,013-square-mile county have had to band together many times in the past to face common difficulties.

*BUSY HARBOR—Crescent City's fishing industry has tripled since 1968, when this fishing harbor was built with the help of funds from the Economic Development Administration.*

But the double disaster of 1964 was simply too much for the county's approximately 16,000 inhabitants to recuperate from on their own. They actively sought State and Federal help.

The Economic Development Administration (EDA) has been the major influence in the rebuilding and improvement of the economy of Crescent City and Del Norte County in recent years, according to James R. Hooper, the Crescent City attorney who has handled the local legal work for all of the recovery efforts since the 1964 disasters, as well as much of the contact with Federal and State agencies. EDA's major contributions in the area have included:

- Grants totaling nearly $3.2 million for extensive restoration and expansion of the Crescent City harbor facilities;
- A $1.5-million grant to establish a revolving business loan fund for expansion of existing businesses and establishment of new ones; and
- A grant of more than half a million dollars to help build a new cultural and convention center in Crescent City.

Since 1975, most economic development funds for the area have been channeled through the Tri-Agency Economic Development Authority, whose board is composed of elected officials from the Del Norte County Board of Supervisors, the City Council of Crescent City, and the Crescent City Harbor Commission. The organization was formally established in December 1975 under a city, county, harbor district joint powers agreement as the result of an EDA-funded $80,000 study to develop an economic adjustment strategy for the area.

## Background

Five days after the first disaster, the City Council of Crescent City enacted an ordinance activating the Redevelopment Agency of Crescent City, with the members of the city council as its governing board. Federal agencies maintained experienced field representatives and technicians in the city after the disasters to assist and advise the Redevelopment Agency on ways of obtaining available financial and technical assistance from the Federal Government. And, in Sacramento, California's State Legislature enacted several emergency laws to aid the city in its efforts to redevelop and rebuild itself within the shortest possible time.

Governmental agencies at all levels assumed various responsibilities and duties. This cooperation, coupled with a sense of determination and positive action by local public officials and the people of Crescent City, resulted in the completion, within days, of documentary information and plans that normally take months to prepare. In less than 30 days after the tidal wave struck Crescent City, a disaster redevelopment plan for the city was ready.

## Forest Resource Tapped

EDA's predecessor, the Area Redevelopment Administration, provided some of the first Federal funding to help create new jobs after the tidal wave. Hambro Forest Products, a firm designed to use the area's wood products as one way of helping to boost the sagging economy, went into operation in 1965. Owned by brothers "Buck" and "Hal" Hamilton, the company was launched with the assistance of the Del Norte Resources Corporation, a local development group which had been organized in 1963 to help build payrolls in Del Norte County. The corporation raised funds which, along with the Hamilton brothers' financing, qualified Hambro for Federal assistance from the Area Redevelopment Administration. Hambro also received an $11,000 technical assistance grant from the new EDA for a market study in 1966.

*BYPRODUCT CREATES JOBS—Wood shavings from local sawmills are converted to particle board at the Hambro Forest Products plant, which was built in the 1960's with the help of a loan from EDA's predecessor. A byproduct has become a resource providing jobs.*

Hambro Forest Products buys shavings from local sawmills and converts them to a durable and high-grade particle board. The particle board produced at Hambro is primarily used in trailer and mobile home construction. What was once a waste product is now a resource providing about 50 jobs and an annual payroll of approximately $700,000.

## Harbor Development

The major portion of EDA funds granted or loaned to Del Norte County has been for harbor development.

The harbor was one of the hardest-hit areas during the 1964 tidal wave and many acres were flooded. Further damage occurred following the massive flooding in December 1964, and the harbor and beaches were filled with debris.

EDA involvement in the harbor development began in 1968, with the approval of funding for an industrial park featuring two seafood processing plants. Prior to the construction of these plants, most of the fish unloaded in Crescent City were shipped to other areas for processing.

EDA granted a total of $363,000 from May 1968 to March 1969, with an additional $100,500 granted for extension of the Crescent City sewer system. Local funding for the project came to over $376,000 in harbor district monies. The initial bids far exceeded available funds and redesigning resulted in new bids which were still $40,000 over available funds. Within a matter of days, James Hooper raised over $45,000 from local businessmen.

The two seafood processing plants have been leased to Crescent Fisheries and Eureka Fisheries and are now operating full time. The plants employ between 80 and 175 persons, depending on the season, and their 1976 combined payroll totaled over $650,000.

*UNDER CONSTRUCTION—Planks are installed for the marine repair drydock facility, part of an overall strategy to turn Crescent City's economic focus from the forests to the sea.*

## Boat Basin Pays Off

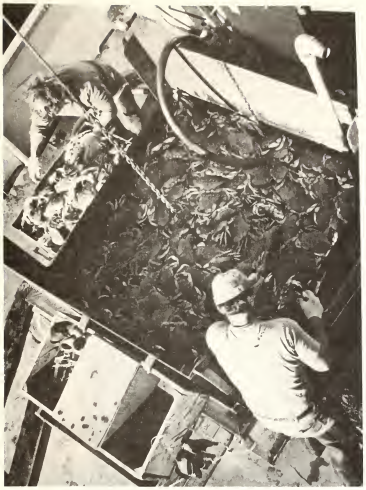
The next phase of EDA-funded harbor development consisted of construction of a new "inner harbor" boat basin during the early 1970's. There were no facilities for boats to tie up permanently to a dock or slip. All boats had to be tied to moorings in the middle of the harbor, and fishermen had to row back and forth to their vessels. EDA provided a total of $1,558,000 in public works grant funds, which was matched by $1,450,000 in loans from the State of California.

Construction of the new boat basin took over a year, employing an average of 25 persons and up to 53 workers during peak periods. There were only 50 fishing vessels moored in Crescent City Harbor in the late 1960's, but now the protected basin has slips for 307 vessels ranging in length from 30 to 60 feet. And there is a waiting list for those 307 berths, which represent employment for about 600 commercial fishermen. Depending on the season, there are also up to 130 out-of-town fishing boats tied up at the docks.

Another harbor project that received EDA funding is a small boat service and marine ways facility, which employs about 15 persons and includes facilities for boat building. In the past, local fishermen have had to make costly and time-consuming trips to other ports when their boats needed out-of-the-water servicing. This is no longer necessary. The project, approved in July 1975, was financed by an EDA grant of $400,000 and $153,112 in local funds. The boat-building and repair facilities were phase one of a two-part project.

The second phase consisted of a "synchrolift" system to raise and lower commercial fishing boats in and out of the water. Funding for the "synchrolift" was in the form of a grant of $875,000 with $102,743 in local funds. This grant, approved by EDA in June 1976, was part of the funding for the Tri-Agency Economic Development Authority.

*UPS AND DOWNS—"Synchrolift," a part of the marine repair facility at Crescent City, was financed with a grant from EDA. The system raises and lowers boats in the water.*



*GOOD CATCH — Seafood landed at Crescent City Harbor used to be trucked overland to processing plants. Now local buyers draw truckloads of catch from other ports up to 60 miles away.*

## Business Loan Program

The second-phase harbor project was only one part of a $2,609,500 grant approved by EDA in 1976 to carry out an economic adjustment program and create jobs in Del Norte County. Also included in the grant were $1,500,000 for Tri-Agency's business loan program and $234,000 for a 2-year program of feasibility studies and technical assistance to help develop local resources and attract new industry to the county. The EDA grant was approved under Title IX of the Public Works and Economic Development Act, authorizing funds for special economic development and adjustment assistance.

Dan Apodaca, executive director of Tri-Agency since March 1978, said that, after a slow start, interest in the loan program has been steadily picking up as people have become more aware of how it can help them achieve their business goals. By mid-1978, he said, Tri-Agency had approved four loans totaling $675,965 for projects which are expected to generate 57 new jobs and add about $300,000 to the area's annual payroll.

Tri-Agency's fourth and largest loan, for $508,300, was awarded to Dahlstrom and Watt Bulb Farms, Inc., ornamental plant growers, to convert the heating system for their greenhouses from oil to wood-waste burning furnaces. By helping the firm convert to a much more economical source of heating fuel, the project will protect existing jobs and a $1.1-million payroll. It will also permit Dahlstrom and Watt to expand their work force by 16 full-time jobs, adding $111,000 to their annual payroll, with more expansion expected in the future. The actual construction work involved in the conversion will provide about $80,000 in paychecks to the local labor force.

The other three loans have also been for expansion of existing businesses. They were for $35,000 to expand garbage service in the Klamath area (three additional jobs and $18,700 in added annual payroll); $52,000 to enable a local concrete firm to enlarge its operations and enter the ready-mix field (10 additional jobs and $118,620 in new payroll); and $80,665 to add a restaurant to an existing motel (28 new full- and part-time jobs and about $50,000 in added payroll).

Among the new enterprises under consideration for loans, Apodaca said, are a fish-meal processing plant, a jewelry manufacturing business, and an electronics component assembly plant. The agency has been actively soliciting new applications.

## PWIP Funds for Crescent City Cultural Center

In 1971, Crescent City applied for EDA funds under an amendment to the Public Works and Economic Development Act which authorized grants for projects that will create immediate construction jobs in areas of high unemployment.

Plans had been underway to investigate the feasibility of constructing a cultural and convention center for the community. In 1972, Crescent City received a grant of $520,000 for this project, representing 80 percent of its total cost. Local funds were raised to meet the rest of the cost.

A 3-week fund-raising drive, headed by James Yarbrough, publisher of the local newspaper, the Del Norte Triplicate, resulted in $140,000 in donations. Private contributions were collected, rummage sales and car washes were held. Harold A. Miller, president of the Rellim and Miller Redwood Company, contributed personal stock valued at just over $61,000 to assure the local share.

U.S. Representative Don H. Clausen has praised "the outward display of local support by hundreds of people who made contributions that would provide for the local share in the interest of helping a community help itself."

He also said that the major factor in obtaining expeditious action and approval for the project was how the local share of the project costs was raised. Another major reason the application was processed so promptly

was that, in the words of EDA officials, "the application was flawlessly prepared" by attorney James Hooper, who has received national recognition for his skill in helping the community obtain Federal and State loans and grants as quickly as possible.

The project provided temporary jobs for about 60 local construction workers. The anticipated impact of the project was to provide short-term construction jobs and one permanent full-time job. The center was expected to attract small conventions which would in turn stimulate new service facilities like motels and restaurants. According to Crescent City's "May 1977 Overall Economic Development Program Planning and Action Report," the impact of the project has been as anticipated—tax revenues have increased.

The Crescent City Cultural Center can accommodate 600 persons in the dining room and meeting areas. The chamber of commerce office and tourist information center are housed there. The atrium of the building features a display of timber products. A permanent display of the works of the late Florence Kellar, a local artist, is located in a second-floor room. The proceeds from land donated by the artist's widower were used to help equip the building.

## EDA Impact

The more than $6 million in EDA grant and loan programs for Del Norte County has had a tremendous impact on the local economy, particularly in the fishing industry. Harbormaster Darrold Richcreek believes that EDA funding has been responsible for a 300-percent expansion in the industry since 1968. Immediately prior to the construction of the new boat basin, there were 96 moorings in the harbor. In addition to the 307 boat slips in the new inner harbor boat basin, there are temporary slips for 250 small craft in a privately operated marina designed primarily for tourist use during salmon season. Space for the marina is leased from the Harbor District.

In 1968 only four fish-buying companies operated in the harbor. Now there are 11 stationary buyers, and there is a waiting list of buyers requesting space. The impact of the fish processing plants has been not only to increase the market for Crescent City fishermen, but to serve fishermen in Coos Bay, Brookings, and Gold Beach, Oregon, who ship shrimp to the plants for processing.

Fish landings have increased from about 9.2 million pounds in 1970, to more than 14 million in 1972, and more than 29 million during 1977. The 1977 poundage represents an estimated market value of nearly $10.4 million to help boost the local economy, and the 1978 totals are expected to be even higher.

Petroleum products imported through the Crescent City Harbor have been also increasing annually—from over 82 million gallons in 1972 to more than 87 million gallons in 1977.

There are now 25 lessees in the harbor area, with new applications pending. These include the 11 fish buyers, the United States Coast Guard (which keeps the 95-foot cutter Cape Carter in Crescent City), the marina, a fast-food restaurant, the Fishermen's Wives Club, a gift shop, a restaurant and lounge, a cafe, a tackle shop, and several other businesses.

Crescent City Harbor serves as a base of employment for over 900 persons. EDA-funded projects are responsible for creating and protecting about 800 jobs in the harbor area alone, along with approximately 60 permanent jobs elsewhere in the county. Without EDA funds, Crescent City Harbor would be virtually nonexistent. The harbor is now considered by commercial fishermen to be one of the best small ports on the West Coast.

Future plans call for a marine terminal and enlargement of the small-boat basin in the harbor, an industrial park, at least one fish processing plant, a motel, and more tourist-oriented businesses including a complex to include a restaurant, tourist information center, Indian crafts demonstrations and sales.

In a community which for generations has been dependent on the now-declining timber industry, it is imperative to develop new sources of income. With the help of EDA funding, Del Norte County has succeeded in greatly expanding both the commercial fishing industry and tourism.

*LOCAL SUPPORT—When EDA provided a grant to help build the Crescent City Cultural Center, Del Norte County residents responded to a fund-raising drive with the contributions needed to complete the project.*

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